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NEW SPIRIT IN FORMOSA

The Nationalist authorities seem to have been stirred out of their complacency by threats to their own international position and to their support among overseas Chinese. Their retort to the overtures from Peking about representation in Hongkong was surprisingly vigorous. The Foreign Office spokesman allowed himself to be quoted by name as saying the Nationalist Government hoped the British Government would reject the demand. Hongkong's stability and security, said Dr. C. K. Chow, would be menaced by such a move! It was a distinctly new turn in the situation for a genuine Nationalist to display so much concern for Hongkong. The Nationalists intervened with even greater vigour in the fantastic escapades of a Filipino lawyer who laid claims to the Spratley Islands and actually despatched a contingent to make Chinese Nationalist claims good. But it is no new thing to find the Nationalists asserting themselves in foreign issues. That has been their speciality—to the detriment, alas, of domestic and constructive development.

The really noteworthy change in fact is in this field. The Kuomintang held a national convention in Taipei early in May. The four-day meeting was held in secret and very little leaked out to the Press. At the end the Generalissimo, as General Secretary of the Party, issued an appeal for the revitalization of the Kuomintang as one of the means of "preparing for a counter-attack against the mainland"—the hopelessly hopeful theme of so many speeches

and postures in the past five years. This time Chiang Kai-shek did not repeat his usual assurance of fighting back to the mainland in the near future. What he did was to urge the importance of psychological warfare to stir up unrest on the mainland and inspire the support of the people for the Nationalist cause. At the time the contrast between the phenomenal constructive work on the mainland and the seemingly exhausted spirit of the Kuomintang could hardly have been more clearly manifested than in the pettifogging resolutions adopted by the Convention. Yet these were fundamental to earnest change, since a sounder foundation had to be created for any real constructive programme. The long-stalled £75 million trade pact with Japan was at last concluded whereby Japan would buy Formosan sugar, rice and raw materials, and Formosa would take fertilisers and industrial products from Japan. A goodwill mission had been sent earlier to Japan under Chang Tao-fan which did more than merely counteract the endless unofficial missions going between Japan and Communist China. A Japanese military mission is now visiting Formosa.

The drive to increase industrial development in Formosa included an indication to overseas Chinese as to the type of industries holding out the best prospects for investment by them and by foreign capital. These industries included textiles, metals, machinery, electrical appliances, printing, fertilisers, motor tyres, artificial fibres, alkali, synthetic plastics, glass, antibiotics, and other drugs, dairy

farm products, and others. Government said it was also prepared to sell public land for factory sites in case private land was not available; to permit overseas Chinese to import raw materials with self-provided foreign exchange; reduce or waive income-tax for overseas capital; and to give a favourable exchange rate for remittances from abroad to be used for investment by overseas investors. Meanwhile it was stated that more than 50 overseas applications for investment had been approved by Government and an Advisory Committee had been set up to assist the Chinese from abroad in making investments.

The Vice-President, General Chen Cheng, addressing an Engineers' Day rally, called on the nation to step up reconstruction work and told the simple truth when he said that reconstruction of Formosa holds the key to success in any come-back. "Economic development projects are the most effective weapons in the fight against Communism. Reconstruction is just as important as military operations, and a nation's military might lies very much in its economic well-being and industrial development." At last, after so many years of a policy both on the mainland and on the island which denied this principle almost in toto, the blind had had their eyes opened—as the Communists on the Fukien mainland opposite were driving railways through the age-long isolated province and linking it and its main ports with the national system of railways. The majority of the Chinese in Formosa are, of course, of Fukien extraction, with all that this means in provincial feeling and pride. Now, Vice-President Chen Cheng told the engineers, the Nationalist Government was preparing three successive three-year plans to help step up economic reconstruction on the island. He said President Chiang Kai-shek had already ordered the mapping out of these plans though he did not disclose precisely what they were. Formosa is still very much security-minded—so much so that even the major figures as well as the details of the Nationalist Budget presented the same month were kept secret.

At the same time the overtures from Peking for peaceful negotiations were firmly and not very politely rejected, even before Vice-President Nixon's visit, bringing President Eisenhower's assurances of continued support. Indeed Taipei discounted the official overtures via the National People's Congress in Peking in advance. And the stress on domestic development as the new position policy was underlined by Governor C. K. Yen, who told the Provincial Assembly that the conducting of an island-wide Census and the implementing of the urban land equalization programme would be two of the most important projects for the Provincial Government this year. Promotion of social welfare and the raising of the standards of school teachers would also receive attention. The Provincial (as distinct from the National) Budget the Governor presented to the Assembly represented an increase of 29% over the previous year. Taxation was increased by about 2% less than the rise in expenditure.

Then, while former members of the Kuomintang now identified with Peking were declaring that the people on Taiwan could be won over and none should be rejected, the Government inaugurated two mammoth economic projects on the eve of Vice-President Nixon's visit, and the tendering through him of assurances from President Eisenhower of American steadfastness in continuing its support. "I am encouraged to hear of the progress which has been made in improving the security and well-being of the people of Taiwan (Formosa) despite the dangers and difficulties confronting you," added the message. "I am sure that you share my own confidence that the close co-operation which has so long characterised our relations will continue. No

problems are too great for solution when the will to work together exists."

The two new projects were the gigantic Shihmen dam and a 120-mile highway to pierce the formidable mountain range which runs through the middle of the island. The Shihmen project, built largely with American aid funds, will employ thousands of servicemen retired from the Nationalist armies and afford them scope for resettlement in almost inaccessible and uninhabited territory. The dam will be located 30 miles south-west of Taipei, will irrigate 54,000 hectares of land, increase rice production by 70,000 tons annually, and add 220 million k.w. hours to the power system annually. It will also serve as a flood control system, supply water for 300,000 people and prevent recurrent droughts in northern Formosa. It is believed that the country to be opened up by the new highway to link the east and west coasts directly will be found rich in a variety of minerals.

Nothing has done so much to stir the Kuomintang out of its complacency and lethargy as the increasing appeal being made by Peking for the support and sympathy of the overseas Chinese. Hitherto the Communists had insisted on treating their property and their families in south China as they treated all other landlords whom they dispossessed. Their policy in regard to overseas remittances to these families threatened to kill the goose that lays the golden eggs. There was hardly a thing they did not do to antagonise a powerful group who were once the vanguard of the Republic if not of the revolution as a whole. It is a bit late in the day now to make amends, and Communist policy allows no great latitude for this. Any suspicion that the authorities were treating the overseas families with special consideration would undoubtedly provoke jealousy and serious trouble—and not from other outlawed landlords alone. The Communists are, however, handing back small houses and other little properties belonging to overseas families which had been seized by the authorities or misappropriated by local Communist bullies. They are also making strong appeals for overseas investments in Fukien and Kwangtung Provinces, where capital is badly needed and where room for constructive development is great.

In spite of all that the Communist regime has perpetrated against the families of overseas Chinese—most of whom are of the classes now "transformed" in China Proper—there was real danger that they would make serious inroads into the Nationalist following, because of the contrast between the masterly activity of the Reds in almost every field of endeavour and the equally masterly inactivity of the Nationalists. The success and energy of the Communists in cultivating even the remotest capitals, from Addis Ababa and Saudi Arabia to the Lebanon and Yemen, and the way in which they gained recognition (and potential votes in the U.N. Assembly) also shook Taipei's complacency, almost as much as did the pointed appeal of Premier Chou En-lai to the Nationalists to negotiate, with its rather too superficial repercussions abroad. The change is typical of the Soviet Communist change of methods from the threat of armed force—employed to such effect in Czechoslovakia and other satellite States but frustrated in Korea and in the end also in Vietnam—to processes of infiltration and subversion. Success seems doubtful. Though there is a growing sentiment in favour of a peaceful live-and-let-live policy by both the Communists and the Nationalists, both are at least now embarked on a fruitful policy of separate construction, and this indirect co-operation in competition is a good deal better than the exchange of insults and of periodical hostilities.

PROSPECTS FOR PEACE

Before attempting to assess the significance of the current onslaught on Stalin it is worthwhile to pause and survey the relevant information made public by Soviet and satellite sources to date. The first thing that emerges from them is that the denigration of Stalin, however startling in its revelations, is nevertheless following a consistent and logical pattern. Pravda of March 28 laid down the line which all other papers—Soviet and satellite alike—faithfully adhere to. "One of the strongest Marxists," is Pravda's unconsciously ironic tribute to its one-time idol. There is no question of his invaluable contribution to the growth and consolidation of the Soviet state, particularly in its first decade. In the 1930's, however, "certain features and qualities began gradually to appear in Stalin's practice of leadership, which later developed into the cult of the individual." Pravda describes them, succinctly, as "lack of personal modesty," but it is the Polish press and radio which—while basically taking the cue from Moscow—fill in the gruesome details: How monstrous and pathologically suspicious must have been the thoughts of a man who could suppose that numerous members of the Central Committee were enemies or imperialist agents. And it was Stalin himself who approved the lists of members of the Central Committee to be arrested!" (Radio Warsaw, March 29). And with a gusto that may come from a genuine sense of relief, Jerzy Morawski, one of the secretaries of the Polish party, elaborates: ". . . the security organs in the USSR and 'People's Democracies' became independent of the party authorities and were utilized to consolidate the personal power of Stalin over the party. In this situation, many honest activists who opposed Stalin in various matters fell victim to repression. Methods of provocation were used; false accusations were forged; abuses took place during investigations in order to bring about the condemnation of the accused. As a result, many honest people were imprisoned, sent to penal camps, or shot." (Trybuna Ludu, Warsaw, March 28).

The list of accusations is long and repetitive. Rude Pravo (Prague) of April 11 speaks of "exaggerated centralism . . . suppression of the initiative of workers. . . . The principle of collective leadership was not implemented, and inner-party democracy was violated." Rabotnicheskoye Delo (Sofia) of April 9 calls for a "purge" of the arts and sciences which embody "views linked with the cult of the individual." A. Novotny, First Secretary of the Czechoslovak CP, after denouncing the "cult" for having "seriously arrested the development of Soviet society," demands an end to the practice of "exhibiting the busts of living persons or naming individual factories, streets, and schools after living persons. . . . This is a glaring example of flattery and sycophancy," he concludes, with the air of one who has just made an earth-shaking discovery (Rude Pravo, April 10). Pravda (March 28) attacks "unjustified repressions" which were injurious to "economic management. . . . Serious mistakes were made in guiding agriculture . . . as a result of which a number of its important branches found themselves in a state of neglect. . . ." And so on and on, ad infinitum.

There is no doubt, as the above quotations demonstrate, that the most extensive process of public "self-criticism" in the history of communism is now in progress; and it would be as absurd to negate its existence as to deny its potentially beneficial effect on the further evolution of the Soviet system. Yet by the same token it would be utterly wrong to term it—as some commentators have—a

"complete" break with the Stalinist past. It would, indeed, appear at times as if Communist leaders are vying with each other in their efforts to expose the dark and bloody pages of their collective past. But these efforts have one common denominator: they are calculated, carefully delineated, and cautiously balanced.

* * * * *

The limits—as well as the *raison d'être*—of the break with Stalinism emerge not only from denunciations, but also affirmations, not only from what is said, but from what is left unsaid. Rajk and Kostov are "rehabilitated," but "Trotskyites" and "Bukharinites" continue to receive their customary share of abuse. Czechoslovakia releases several prisoners, but places the blame for the "violation of socialist laws" on no other than Rudolf Slansky, himself a victim of one of the most macabre show trials in the history of communism. The Soviets admit having waged a virulent anti-Semitic campaign in 1948-49, resulting in the wholesale slaughter of virtually all Jewish literati in the USSR, yet not a word is said about the case of the internationally known labor leaders Henryk Erlich and Victor Alter, who had been arrested in 1939 as "British spies," only to be executed, in 1942, on grounds of "pro-German" activity. The April issue of Problems of History exhorts Soviet historians to revise their methods of historical research, but Pravda of April 5 still labels Stalin's ideological opponents as "advocates of the restoration of capitalism."

More important than that, the "newline," whatever its merits, signifies no fundamental break with the policies and system of the past. Overwhelming emphasis on heavy industry and neglect of the consumer still constitute the *sine qua non* of Soviet economic planning. The peasants are still forced to toil for the state, rather than for themselves, even though their burden has been lessened somewhat. The worker continues to be bound to his place of work, deprived of his right to choose or change his job as he sees fit, forbidden to strike for higher pay and better working conditions. And the party continues to reaffirm its supremacy, its "leading role," and its complete domination over all areas of public life.

It is perhaps this last point that needs to be stressed above all others, for herein lies the answer to how extensive the changes, and how far the leadership is willing to project them. A careful reading of the Soviet and satellite press for the past few months will show conclusively that the *raison d'être* of the new policy is the facilitation and—in effect—the strengthening of the rule of the party over the rest of the population. In the last years of Stalin's life, the party—even its highest organs—ceased to function as an autonomous and efficient body directing and controlling all forces in Soviet society, and gave way (as Soviet sources unceasingly emphasize) to the personal and tyrannical reign of the Vozhd. There is little doubt that it had come to a point where even the most powerful party leaders were continuously in fear of their lives. With Stalin's death, his successors embarked upon a course that was to preserve their personal safety, to forestall the rise of another single dictator, and to insure their collective dictatorship over the rest of society. Party members who had fallen victim to the "pathological" whims of an absolute leader are "rehabilitated"; of the injustices perpetrated on non-party people—individually or en masse—there is no word. Party activists are told they may display more initiative and assertiveness in the implementation of basic party policies

BEATING INFLATION

By John Kingsley

Throughout last year the great question which was asked about the British economy was whether the inflation could be stopped. As far as the Government is concerned that is still the dominant economic consideration of 1956. The whole purpose of Government economic policy is to bring inflation to an end, to restore the balance of trade and payments and to bring the economy as a whole back into balance. This policy is also accepted by the Opposition, despite differences over the particular techniques which the two parties would wish to employ.

Recently, however, there have been some people who have been disconcerted by the symptoms of this inflation. They have pointed to the recession in the car industry and said that it shows that Government policy is not working. They have pointed to the dismissal of a few thousand men as redundant and said that it was a sign of failure in the British economy.

—without perpetual fear and thwarting suspicion. Stalin is dethroned, and in his place Lenin is portrayed as the fountain of all ideological wisdom. It is the party, and only the party, that is now credited with the sundry achievements of communism. "The correctness of the policy of the Communist Party, its fidelity to the great banner of Marxism-Leninism, are the sources of all our successes," proclaims Pravda of April 5. The party will not again allow blood-baths within the avant garde of the proletariat; history will not be written for the glorification of a single individual; irrational and dangerous "centralism" must be eliminated, yet basic devotion to the party must remain intact. As the worker V. Gorokhov, speaking at a meeting in his plant, is triumphantly quoted: I wish to state from the bottom of my heart: Listen, our dear party! You are our pride, our glory, and our hope! Under your tried and tested leadership we will advance toward the radiant Communist future. We assure you that we will dedicate all our energies to the future advancement of the might and well-being of our country! (Pravda, April 5).

The party desires a change, greater flexibility, an end to tensions that lie, like a heavy and enormous burden, in the way of its advance toward "the radiant Communist future." At the same time, there must be a limit to "criticism and self-criticism," an end to the activity of "rotten elements that are trying to question . . . the party's policy." With his usual bluntness, Khrushchev thus stated this theme: "While criticizing shortcomings and 'errors . . . we must primarily see to it that this criticism strengthens the Soviet system, and helps us to advance still more swiftly and successfully toward our great goal—communism. The enemies hope that we shall slacken our vigilance, that we shall weaken our organs of state security. No, this will never come to pass! The proletarian sword must always be sharp, must always protect the conquests of the revolution, the conquests of the working class, the conquests of the toiling masses" (Pravda, April 13).

It is only prudent to conclude that as long as Soviet Russia remains a totalitarian country, as long as democracy is non-existent and the fate of the citizen lies in the hands of the self-anointed leaders of the "toiling masses," the "proletarian sword" will indeed remain "sharp," and never be allowed to rust in peace.

On the contrary, it is in fact a sign—though naturally a distressing one—of the success of the fight against inflation. Last year the British car industry was expanding at so fast a rate that it was a major cause of inflation in the economy. To remedy that the Government imposed higher rate of purchase tax on cars and put restrictions on hire purchase. Unfortunately at the same time export markets grew more difficult. In particular Australia, a traditional and leading market for British cars, had to cut import quotas on balance of payments grounds.

As a result there was pressure both on the domestic and export markets even though 40 per cent of British car production is still sold overseas. This combination of pressures has made the car industry particularly vulnerable, so that a general disinflation of a quite modest order had a substantial impact on this particular side of the economy.

This in fact is what one always expects to happen. A disinflation is like the tide going down on a rocky foreshore. As it retreats the highest rocks appear above the surface, while others remain covered. It is impossible to have any effective disinflation which does not affect the most vulnerable industries of the time quite sharply.

A similar effect must be expected on the labour market. Last year's inflation resulted in an acute labour shortage. At one time there were three jobs for every man out of work, taking the country as a whole. In some areas there were as many as fifteen vacancies to each man unemployed. One result was that labour tended to be drawn away from the all important basic industries. Now a reserve of disinflation, if it is to be effective, must help to bring about an economic distribution of the manpower: some of the labour force in less essential work must be released to fill the gaps where workers are urgently needed. The latest reports from Oxford, where 1,000 motor car workers have been laid off, show how useful this release of labour can be. The local bus company, the railways, the post office and local building firms are among the places where this newly available manpower has been absorbed. All of them had been critically short as a consequence of the higher wages paid by the motor car industry. The British problem is still in fact one of labour shortage, and not one of unemployment.

What is needed and what we are now seeing is not unemployment but the redeployment of labour. The important thing is to ensure that it is carried through with as little transitional difficulty as possible.

Another criticism that has been made is that industrial production has been falling, though not by very much. This again is an inevitable consequence of disinflation, and indeed it is a sign that that process is working. The important point is that production is still rising in most of the "heavy" industries which have been under the greatest pressure. Investment goes on rising but at a less extravagant rate. Plant and machinery output has risen by 7% so far this year while full production has levelled off. A fall in the consumer goods industries merely releases labour and materials for these industries—a welcome switch.

No one wants to go on with disinflationary policies longer than is necessary. Yet without having reached the end of the investment boom, Britain has already achieved a substantial recovery. Allowing for the distortion in the

GENERAL ECONOMIC CONDITIONS IN JAPAN

Recent Trends

Easing of the money market resulting mainly from continued balance of payments surpluses is paving the way toward financial normalization, the most recent development of which is direct marketing of Gov't short term bills (Food Bills and Foreign Exchange Bills) to financial institutions, effective May 16th. Previously, the Bank of Japan subscribed to these bills and later conducted selling-buying operations with commercial banks.

Direct marketing, however, is not through biddings. Moreover, the Central Bank will subscribe to non-marketable issues at the same marketing rate of 5.29% (fixed), and further may accept bills offered by financial institutions at the same rate. Hence, this is still short of full-fledged open market operations and is not a complete break-away from a bond support policy. Nevertheless, this step marks a significant step in pushing the development of a short term bill market by paving the way toward direct marketing of short term bill issues, permitting inter-bank, etc. dealings in short term bills, lengthening the holding period by banks, etc. before sale to the Bank of Japan to 2 weeks (previously, 1 week in the case of selling-buying operations by the Bank of Japan), and expanding the marketing range to include, besides banks, insurance companies and the major securities companies.

Wholesale prices turned notably upward in April (by 0.6%; 2.3% rise since Jan.) following stable trends in March. The recent upturn is believed due mostly to favorable exports and high prices overseas. Gain in plant and equipment investments is not believed to be particularly large at the present stage.

However, factors that need attention seem to be increasing. For instance, forces tending to push business investment incentive as money market easing and rate dipping are gaining in influence. Most recently, the business upturn outlook for both home and abroad has been gaining, and business attitudes made sounder by the tight credit policy of the past appear to be undergoing subtle changes. Moreover, the rather dulling bank loans have begun to activate.

The gradually activating stock market since July propelled by easing of the money market, money rate dipping trend and improvement in corporate profits, gained further support in April from activity led by speculatives.

Balancing these firming factors are the continued stability in bank note issues, stable consumption, elastic supply as evidenced by import assurances from rising foreign cur-

earlier figures caused by the 1954 dock strike, British exports were up 10% in the first five months of the year.

That represented a 5% increase in volume besides taking into account the increase in price. Imports were up by only 1½%.

As a result the first half of this year has shown a balance of payments surplus for the United Kingdom of £100 m. It is true that there are still signs of weakness. The British economy has to run on low reserves and that is a constant cause of trouble. But the main issue, that of beating inflation, does seem on the way to being achieved. The broad trends of the British economy are more favourable than they have been at any time in the last two years.

rency holdings and gain in plant and equipment investments indicating that deficiency in output capacity will not be felt, etc.

Consequently, a sharp upturn in prices is not expected but the need for caution cannot be ruled out completely.

April Economic Trends

Treasury payments over receipts were quite large in April compared with normal years. The Food Control Account had abnormally large excess receipts, but the Foreign Exchange Account recorded a sizable excess outgo amount. The other accounts showed excess payments.

	April Accounts			
	—	(million yen)		
	1953	1954	1955	1956
Overall	—22,400	—56,800	—71,600	—55,800
Food Control	—6,500	11,800	22,700	38,400
For. Exch.	17,900	17,600	—6,400	—14,200

The rise in fiscal loans and investments was dull.

Rise in bank deposits was somewhat dull in April compared with a year ago. Although official deposits gained from large Treasury payments over receipts and time deposits continued to swell, current deposits were dull affected by the big dip in bank loans. Dip in deposit-rise for local banks was particularly heavy compared with a year ago from the marked loan-drop.

Loans fell considerably as demand for funds was sluggish and collections on funds loaned out increased. This may be a kickback from the big loan-rise in the previous month.

Despite the April loan-dip, March-April combined showed a bank loan rise (of Y57,900 m.). This figure is way below the corresponding period of the pre-tight money line years of 1952 and 1953 (Y112,000 m. and Y106,600 m. respectively), but it is still viewed as rather high and is considered to reflect actual economic trends as production expansion and rise in income.

This deposit-loan position eased bank funds, leading to large purchases of Gov't bills and securities (public corporate bonds, stocks, financial bonds and corporate bonds). Hence, all bank holdings of securities upped considerably.

Call rates dipped further. Moreover, banks cut down on their outstanding obligations to the Bank of Japan.

A somewhat notable development of late is the rise in new plant and equipment loans. These loans began to creep from the lower half of '54 and lately hastened their pace somewhat. Outstanding lines include food, textiles (cotton spinning, synthetics), paper, pulp, transportation, marine and wholesale.

The long term credit banks cut their long term rates to electric power, steel, gas and other prime corporations. Life insurance companies also cut their rates to electric power lines. This is the 4th cut beginning with January.

The Nat'l Fed. of Bankers Ass'ns also decided to cut long term rates to shipbuilding effective from June 1st.

Rising bank note issues in March shrank in upper April, but again picked up momentum in latter April. Excess issues over withdrawals during March-April were far ahead of the corresponding period of last year. The reason is generally laid to increase in transactions propped by expanding economic activity. However, a more direct cause

was the raise in Gov't and company wage payments. No particular need for caution is felt for the time being judged from current business trends. a. Consumption is generally stable with the substantial portion of pay raises going into deposits. b. Retail purchases for inventory are still cautious and speculative inventory investments are few.

Reflecting the flux money market condition, outstanding Bank of Japan credit extentions shrank further in April reflecting dips in loans and rise in selling operations (in Gov't bills).

Industrial Production

Industrial production is still blazing away. The index for March hit 200.5 ('34-'36 ave. base) which is 5.0% above the previous month and 12.8% more than the same month of a year ago, and moreover ranks only second to the post-war peak of 198 recorded for December of last year.

The index for manufacture alone (leaving out mining which dipped from the coal strike—Mar. 19-31) was 6.7% above the previous month with 213.2, and 2.7% above last December. This means that production-scale is still at the peak. Under manufacturing, biggest gains were in printing, ceramics, metals and machinery as compared with the previous month. Rise for durables (8.9%) was far ahead that for non-durables (5.4%).

The overall industrial production index for the F.Y. ended in March was 12.2% above the previous fiscal year. This rising rate is about at the rising rate for the fiscal years 1951-52 and 1952-53 over their respective previous fiscal years (10.3% and 12.7%). Rises for F.Y. '53-'54 (23.6%; inflationary) and F.Y. '54-'55 (3.4%; deflationary) are considered irregular.

Comparing the rising rates by industries for the past several fiscal years, the following features are noticed: 1. Rates of increase for the various production lines were quite uneven, but for the F.Y. just closed in March these rates were rather even for all industries, indicating that influences of suryo keiki (recent business prosperity based on increased turnover at stable prices) were fairly evenly distributed. 2. Chemical lines (as fertilizer, rayon) indicated constant gains since F.Y. '51-'52. 3. Textile production indicated a dulling tendency on a long term basis. 4. Investment goods as machinery and metals seem to reflect directly business trends, alternating expansion with dullness over the past several years. Gains during the past fiscal year represented the same trend. 5. Big fluctuations were also seen for rubber-leather and lumber (mainly small businesses) which affect and were affected by big changing business trends.

The processed goods inventory for March of makers for mining and manufacturing dipped (5.6%; for mfg. only, 2.4%), but the raw materials inventory gained (2.3%) as compared with the previous month.

Inventory trends at the wholesale level (Feb.) went generally sideways. However, with the exception of coal (big dip from coal strike anticipation), others such as steel, non-ferrous metals and petroleum rose. Textiles also gained in March. Actual wholesale inventory trends seemed to be somewhat upward.

In brief, recent overall inventory movement appeared to indicate a business upping tendency with makers' processed goods inventory (sellers position) dipping and makers' raw materials and wholesalers purchased goods inventory (buyers positions) rising positively.

Shipment indexes were also upward propped by active exports and home demand. Particularly notable were shipments on producers goods since last autumn accompanying

the expanding economy. Such items as machinery and metals increased markedly since January.

Investments in plant and equipment are activating, and the possibility is there for softening of business conditions in future from increased supply capacity. However, the long and short term economic effects from investments differ as to whether they are inflationary through their purchasing power effects or deflationary by their output effects. Investment effects will also vary greatly from differences in quality and tempo of such investments, as well as from financial and economic trends. Currently, there are indications of plant and equipment investments expanding supply capacity and pointing toward market softening or stabilizing effects in cement, paper and chemicals (fertilizer, soda). It is also true that rising demand for plant and equipment investments in conjunction with demand for export and inventory investment is supporting the producer and capital goods markets.

As a problem for the future it should be kept in mind that there are factors indicating that expansion in productive capacity will not necessarily raise supply. Such factors are; of industrial lines with big plant and equipment investments, there are not a few basic and new industries which are affected by a time lag before appearance of actual productive effects, and the strong resort to inventory buildup and production cutbacks from tightening up of industrial management.

Foreign Trade & Exchange

The balance of payments for April revealed a surplus of \$52 million (\$15-million surplus if import usance rise, etc. are excluded). Both receipts and payments expanded. Gains in export and receipts from the Security Forces were favorable.

The high export record (\$210 m.) was partly due to overflows from the previous month's large shipments. On the other hand, the dip in letters of credit and customs statistics from the previous month seemed to be an adverse reaction from the previous month's activity. The various indicators were still at high levels which tend to show that the export trend has not changed.

Customs statistics on import totaled \$255 million. The foreign exchange amount was \$185 million. Letter of credit-based import dipped somewhat reflecting the decline in industrial raw materials. This is viewed as seasonal and a lull in import and not a shift in the import demand trend.

Postwar overseas investments by Japan are still very small, although activating somewhat since 1954. This was inevitable from the standpoint of national economic strength. Recent activity on investments abroad touches mainly on technical assistance and business establishment in the underdeveloped S.E. Asian and Central and South American countries.

Overseas Investments

(In \$1,000).

Fiscal years	Technical Assistance	Local Corp.	Loans	Total
1950-51	(1)			(1)
1951-52	(1)	(17) 589		(18) 589
1952-53	(4)	(12) 1,783	(1) 1,000	(17) 2,763
1953-54	(10)	(22) 1,386	(7) 285	(39) 1,671
1954-55	(26)	(26) 5,618	(2) .64	(54) 5,682
1955-56	(24)	(36) 6,686	(10) 2,413	(70) 9,099
TOTAL	(66)	(113) 16,042	(20) 3,762	(199) 19,804

Bank of Japan Survey
() = Investment cases

Various reasons are given for this sudden interest; namely, (a) stimulus coming from capital offensives of

America and Europe together with Communist stepped-up offers of aid to these areas, (b) arousal of interest at home to investments overseas in conjunction with economic stability and progress in reparations talks and (c) growing demand for Japan's technical assistance.

To expedite this overseas investment trend, an overseas investment insurance system was established.

With recent improvement in corporate profits accompanied by progress in plant and equipment rationalization as well as rise in new industries, investments in Japanese industries have again become active. The tight money line in effect from the fall of 1953 was a factor in discouraging such investments.

Very recent trends show most activity for technical assistance with dulling activity for fund investments aimed at management participation (formerly, management sharing in oil refineries through stock and fund investments was common) and moderate activity on investments through loans affected by easing of the money market. During the fiscal year closed in March 1956, loans rose sharply influenced by thermal power credits to the electric power companies (Tokyo, Chubu and Kansai) and World Bank loans to steel

GREAT INVESTMENTS IN JAPAN

Investments in industrial facilities have recently increased. In the first place, an improved trade cycle has boosted demand, many concerns have accumulated greater reserves, and the money market has slackened. All investors formulate their plans on a sound, long-range basis, unlike the wildcat manner which most of them had employed during the Korean War boom. Such industries as iron and steel, machinery, petroleum, paper and pulp, chemical fabrics and fertilizer are eager to invest money in facilities for increasing production and cutting cost. Power, shipbuilding, automotive, metal mining, and photographic film industries, while they are no less anxious to invest in new facilities, are primarily concerned with spending money for such things as will facilitate the completion of projects they have been carrying on, or rehabilitate existing facilities. One exception is the coal mining industry. Because of the continued distress in which they find themselves, coal operators have been stymied from positive investments.

Steel Makers

Steel makers are eager to invest money. They are expected to double their fiscal year 1955 investments in the current fiscal year. The steel boom is not likely to abate. Their second stage rationalization program, for which they depend on the loans from the World Bank in New York, will be carried forward to the fiscal year 1956, which falls in the first year of the Five Year Steel Expansion Program. The bulk of projected investments will center around the modernization and new construction of strip mills, reversing mills, and rolling mills, adding or modernizing blast and open hearth furnaces, and building new converters. Some electrolytic steel makers are planning additional electric furnaces. They either have recourse to their own funds or depend on issuing debentures. The Development Bank extends loans only to some specific concerns.

Fuji Iron & Steel intends to invest Y5,600-million during the fiscal year 1956 (the total will reach Y11,000-million if redemption is added). Compared with the

and machinery lines. The peak on these loans seems to have passed, however.

Fiscal Years	Foreign Investments Received					(In \$1,000)
	Technical Assistance (Cases)	Stocks	Loans	Corporate Bonds	Total	
'49-'50						
'50-'51	27	3,824	26	—	3,850	
'51-'52	101	18,881	21,766	—	36,098	
'52-'53	133	9,923	16,692	25	26,640	
'53-'54	108	4,869	49,364	—	54,238	
'54-'55	82	4,047	15,280	—	19,327	
'55-'56	72	4,349	74,669	6	79,025	
TOTAL	518	40,348	177,797	31	218,173	

Bank of Japan Survey

Comparing the total balances on overseas investments (\$20 million) and investments received (\$218 million) at March-end 1956, the latter greatly exceeds the former.

Foreign investments have certainly played a big role in the past in covering a portion of the imbalance in the nation's current accounts and particularly in helping to modernize industries. On the other hand, interest and royalty payments by Japan are gradually mounting as to greatly exceed her returns from overseas investments (by \$38.8 million in 1954 and \$41.4 million in 1955).

Y2,200-million of the fiscal year 1954 and the Y2,600-million of the fiscal year 1955, the investment for the fiscal year 1956 is more than double. Fuji expects to spend Y6,100-million of its own funds (including redemption), and to float a Y4,900-million loan. Foremost among the Fuji projects are hot strip mills at its Muroran plant. Completion is scheduled for October 1957.

Nippon Kokan intends to invest Y4,500-million in the fiscal year 1956 (Y8,000-million when redemption is added). The amount shows a vast increase compared with the \$2,800-million of the fiscal year 1954 and the Y1,300-million of the fiscal year 1955. Kokan will finance Y2,200-million out of its own funds, Y1,600-million by debentures, and the rest by loans from the World Bank and some commercial banks. One of the principal projects is the construction of 1,000-million yen medium diameter pipe making facility, scheduled to be completed in June 1958.

Yawata Iron & Steel will invest Y7,500-million (Y15,900-million when redemption is added). This shows a slight increase over the Y4,900-million of the fiscal year 1954 and the Y6,800-million of the fiscal year 1955. Yawata will finance Y5,000-million out of its own funds and float a Y2,500-million loan, including what is advanced from the World Bank. Heavy plate rolling mills are among the principal projects scheduled to be completed in March 1957.

Kawasaki Steel Corp. will invest Y2,480 million and redeem Y1,950 million. In the fiscal year 1954 it invested Y370 million and in the fiscal year 1955 Y800 million, Y500 million of which has yet to be spent, being earmarked for strip mills. KSC will get a Y1,570 million loan from the World Bank, Y500 million from the Development Bank, Y250 million from the Industrial Bank and one other source, and will apply Y35 million of its own. Foremost among the projects are strip mills at its Chiba steel plant, scheduled to be completed in the fall of 1958.

Machine Plants

Investments in industrial facilities having become lively, orders for machines of every description have increased by leaps and bounds. The machinery industry has been working hard to strengthen facilities. Hitachi Ltd., which invested about Y3,000-million for new facilities in fiscal year 1955 mostly out of its own coffers, is expected to invest slightly more in the current fiscal year for renovating facilities. Mitsubishi Electric invested Y400 million in fiscal year 1955 but will increase its fiscal year 1956 investment to Y1,000-million. Enlarging facilities for producing television, motor fans, small motors, aero-electric appliances and others will call for about Y600 million. The rest will be spent for general rehabilitation. Ishikawajima Heavy Industries planned to invest Y1,000-million for shipbuilding and engineering facilities in fiscal 1955, and expects to invest another Y800 million for enlarging mooring quays and for enlarging or renovating turbines, super-heaters and other facilities in fiscal year 1956. Approximately Y600 million from the World Bank is sufficient to take care of the turbines and other projects.

High Octane Gasoline

The petroleum industry since late in 1955 has been enlarging its equipment on a grand scale. Scarcely had the year turned to 1956 before the major concerns began large scale modernization. Showa Sekiyu (Petroleum) and Idemitsu Kosan have been devoting primary attention to

making good use of the ex-naval fuel depots they bought from the Government. Other concerns have been giving top priority to enlarging high octane gasoline refineries.

Showa Sekiyu has been building an oil plant on the 245-acre tract of the Yokkaichi naval fuel depot, with a daily capacity of 27,000 barrels for oil refining, and for facilitating the petro-chemical industry. Included in the project are constant distillation devices, flowing contact-disintegration devices, and platformers, as well as making and storing high octane gasoline. It is a Y9,260 million project, for the bulk of which the concern expects to have Britain's Shell advance a loan.

Idemitsu Kosan has bought out the Tokuyama naval fuel depot standing on a 134 acre tract, where it will build an oil plant having a daily capacity of 18,000 barrels. Principal facilities projected are constant distillation devices, flowing contact-disintegration devices, platformers, and desulphurizers. These are a Y7,000-million project. Idemitsu intends to have the Bank of America advance Y3,600 million, commercial banks advance Y2,700 million, and to take the rest out of its own coffers.

Toa Nenryo has been installing flowing contact-disintegration devices (expected to be completed next October) at its Wakayama plant, and a high octane gasoline refinery. These are a Y4,930 million project, to be financed by company reserve and capital increase.

Maruzen Petroleum is planning to invest Y2,825 million in fiscal year 1956 against Y2,381 million in fiscal year 1955. The firm will spend Y80 million for dredging the Shimotsu harbor, Y280 million for building a pier in Matsuyama harbor, and Y700 million for platformers. Out of the total, Y446 million will come as a loan from the Bank of America, Y335 million from commercial banks, Y1,794 million from its own coffers, and the balance from other sources.

Chemical Fabric Mills

All concerns have been showing great interest in installing more facilities, particularly in regard to staple fiber. Whereas fiscal year 1954 saw 462 million lbs. of staple fiber produced and fiscal year 1955, 550 million lbs., fiscal 1956 will see 750 million. At present 13 leading concerns have a combined daily capacity of 825 tons, but during fiscal year 1955 another firm joined the 13, which upped their combined daily capacity to 1,100 tons. The Ministry of International Trade and Industry (MITI) considers 650 million pounds a year would be adequate but producers have found it difficult to agree on curtailment talks. Most producers are keen about installing more continuous soaking crushers. There are eight in operation today, but when the 17 ordered have been installed, the total will be upped to 25.

Kanegafuchi Spinning (Kanebo) had a daily capacity of 68 tons up to last November, but has since raised to 84 tons. By May it is expected to jump to 101 tons. It has one continuous soaking crusher, but it has ordered three more. Added facilities will require an outlay of Y2,170 million, of which Y1,500 million is to be borrowed jointly from the Industrial, Fuji, and Mitsui Banks, and the balance from the Fuji and Mitsui Banks. Kanebo intends to turn those loans into debentures shortly. It expects to up its daily capacity to 140 tons by the time projects are completed at the end of the fiscal year 1956.

Toho Rayon is planning to increase its present daily capacity of 104 tons to 131 tons during fiscal year 1956. Three continuous soaking crushers now in operation will be increased to six. This will cost about Y1,100 million, half of which will be financed by loans from the Fuji and Mitsubishi Banks, and another half by its own funds.

Toyo Rayon has finished installing staple fiber facilities which will increase its daily capacity of 36 tons to 44 tons by the end of March 1956, for which Y5,000-million is to be invested. It will also strengthen its rayon facilities from the present daily capacity of 53 tons by 10 tons during the fiscal year 1956, which should cost about Y3,000-million. Another Y1,500 million is earmarked for improving equipment. Of the total \$9,500 million required, Toyo Rayon will finance Y7,500 million out of its own coffers, borrow Y1,500 million from commercial banks, and obtain Y500 million through debentures.

Paper

Paper and pulp industries have rapidly increased their facilities since 1955. All producers either have embarked upon expansion or are contemplating such moves. Some have expanded to a point where contemporaries fear they have over-invested. Demand for both staple fiber and rayon pulps has increased. So has the demand for paper pulp. Thriving paper export and business at home has made their profits soar. Advance in skill and technique has now made it possible for pulp mills to use latifoliolate wood for pulp, whereas until lately they were unable to do so. High speed newsprint machines imported from the United States and West Germany have proved remarkably efficient.

Paper and pulp industries estimate that investments in facilities during fiscal year 1956 will aggregate Y15,000 million, about Y5,000-million more than in fiscal 1955. Oji Paper began installing 280 inch high speed newsprint machines imported from the United States in February at its Tomakomai plant. Installation will be completed in September 1957. They will up the monthly capacity to 10 million lbs., and, together with accessories, will cost Y2,000-million. It will also install a Y1,000-million wood oven. Oji Paper's industrial investments have been increasing year after year. They stood at Y600 million in fiscal 1954, at Y1,000-million in fiscal 1955, and Y1,800 million in fiscal 1956. Oji will finance its fiscal year 1956 investments mostly out of its own funds.

Nippon Pulp began installing Y2,000-million facilities for making 30,000 tons of bleaching Kraft pulp a year at its Yonago plant in March, with completion scheduled for June 1957. At its Nichinan plant work has been going ahead on 30-ton-a-day rayon pulp facilities, costing some Y500 million. They will be completed next October. Nippon Pulp invested Y460 million in facilities in fiscal 1955, and Y1,700 million in fiscal 1956, the latter being financed by debentures, loans from the Development Bank, and by its own funds, with practically nothing from commercial banks.

San-ye Pulp has been adding wood ovens at its Gotsu and Iwakuni plants. All these are to be completed by March 1957, by which time San-ye Pulp will produce 140,000 tons of rayon pulp a year, more than 40 percent of the national total. The company's fiscal year 1956 industrial investments will aggregate Y1,550 million (Y600 million in fiscal 1954 and Y800 million in 1955; Y1,000 million of which will be through debentures, Y400 million by loans and the rest out of its own funds).

Fertilizer Plants

All fertilizer producers have been showing lively interest in investing in new and better facilities. Makers of ammonium sulphate and urea who had invested Y12,000 million in fiscal year 1955 have been spending around Y14,000 million in fiscal 1956. Makers of calcium cyanamide and organic synthetic fertilizers had a Y2,000 million investment in fiscal 1955, which will probably be upped to Y7,500 million in fiscal 1956. Makers of phosphoric ferti-

lizers, however, are much less positive in their investment zeal. The price-cutting urged by Agriculture and Forestry Minister has been mainly responsible for their modernizing all facilities. They have had to show speed in cutting production costs. Makers of ammonium sulphate, in particular, have been introducing latest know-how for modernizing ammonium making to hike exports. As a first step they are using low calory coal, petroleum, natural gas, and coal mine gas instead of the cokes they have been using till lately, by which they expect to cut costs by some 10 percent. Producers of carbide are endeavoring to turn carbide into materials for making organic synthetic fertilizers. By introducing higher efficiency methods they can produce carbide itself cheaper.

Toyo Koatsu has earmarked Y1,940 million as its fiscal year 1956 industrial investment for modernizing the Omura plant, and for strengthening sulphuric acid facilities at the Sunagawa plant in Hokkaido. Outside of a Y300 million loan Toyo Koatsu intends to finance the bulk of these projects out of its own funds. It invested Y1,380 million in fiscal year 1955.

Nitto Chemical is investing Y1,160 million in fiscal year 1956 for producing ammonium by utilizing steel mill gas at the Hachinoe plant, for 100 percent gasification of coal at its Yokohama plant, and for producing cyanic acid, acrylo-nitril and for other facilities. The concern will spend Y400 million of its own funds and will get a Y300 million loan from the Development Bank. It invested Y1,060 million in fiscal 1955.

Denki Kagaku is investing Y4,650 million in fiscal year 1956 for installing additional electric carbide furnaces, facilities for making polyvinyl alcohol, and for erecting adequate transformers at its Omi plant. The Development Bank will loan Y1,500 million, and the Long Term Credit Bank Y1,230 million. The firm will increase capital by Y1,220 million, and issue debentures for Y900 million. In fiscal year 1955 it invested Y700 million.

Power, Gas Companies

Nine regional power companies' projects for fiscal 1956 call for a total outlay of Y126,700 million (against Y114,200 million in fiscal 1955), and those of the Denger Kaihatsu (Power Development Corp.) Y32,000 million, while several Prefectural governments contemplate their own. Construction of huge thermal powerhouses of high efficiency with imported generators and accessories by the Tokyo, Kansai, and Chubu Power Cos. is responsible for augmenting the overall projects of the nine regional concerns. Until comparatively recently the Development Bank had been their principal treasury. Its fund supply was sliced to Y22,000 million in fiscal 1955 and still further to Y12,000 million in fiscal 1956. What they fail to get from the Development Bank has to be found in their own coffers. Consequently they are investing Y29,000 million more than they originally intended.

The Five Year Gas Expansion Program launched in spring 1953 enters its fourth year in fiscal year 1956 in which year 90-odd gas companies will invest Y1,380 million. Denger Kaihatsu's 350,000 KW Sakuma powerhouse across the Tenryu River generated power in April, less than three years after the work was begun. Construction on the 300,000 KW Okutadami and on the 220,000 KW Tagokura, both across the Tadami River, and on the 200,000 KW Mihoro project across the Shokawa River will commence shortly. Other projects have not gone much beyond the blueprint stage. Government investments having been reduced, Denger Kaihatsu has been called upon to find about Y7,000 million from commercial banks and other private sources.

Tokyo Power has few harnessable streams in its region. Work has been going on such small projects as the 17,000 KW Fujihara, and the 15,000 KW Taira, while it contemplates harnessing the 30,000 KW No. 2 Komatsu and 15,400 KW No. 3 Hayakawa. The concern is giving top priority to huge thermal plants like No. 1 and No. 2 Chiba thermal, both 125,000 KW and No. 3 Chiba thermal, 175,000 KW. True, funds from the Development Bank have been reduced, but the Tokyo Power has concluded a profitable agreement with General Electric in the United States, whereby payments on the No. 1 and No. 3 Chiba thermal equipment can be made on terms.

Tokyo Gas is upping the daily gas making capacity of the Toyosu plant near the Tokyo waterfront to 1,000 tons and building two high pressure spherical gasholders. The projects cost Y5,720 million, and a redemption fund of Y1,760 million is required.

Shipyards

Shipyards devoted efforts for enlarging slips to take care of larger vessels ordered from abroad and for strengthening allied facilities in fiscal year 1955. Large yards continue their efforts to enlarge slips good for 40,000 tonners, while medium sized yards are also enlarging theirs up to 20,000 ton capacity and engine works are streamlined to cut costs. These things constitute the bulk of their fiscal year 1956 industrial investments.

Mitsubishi Shipbuilding invested Y1,100 million in fiscal 1955. With this it built a new welding plant at the Nagasaki yard and improved mooring quays and gear-cutters at Hiroshima yard. Investments in fiscal 1956 will amount to Y1,500 million, one third of which will be spent for streamlining the diesel engine plant, for which \$1,500,000 loan from the World Bank is forthcoming. Aside from the World Bank loan, the Mitsubishi Shipbuilding will finance these projects mostly out of its own funds. Mitsui Shipbuilding invested Y400 million in both the fiscal year 1954 and 1955, largely for modernizing diesel engine plants and welding facilities. Besides continuing these things the Mitsui Shipbuilding will also enlarge its slips, for which it will invest more than Y500 million in 1956. Except for small loans from commercial banks, the concern will finance the bulk out of its own funds.

Automotive Industry

The automotive industry has picked up well both in demand at home and in exports since early in 1956. This has inspired concerns to invest money in facilities. Approximately Y6,000 million is earmarked as 1956 investments, for which they will streamline truck and bus divisions, make more parts than ever for assembling foreign cars in Japan, and increase production of midget vehicles. Nissan Jidosha will invest Y1,200 million, or Y300 million more than in 1955. On Y800 million it expects to "domesticate" Austin of England, that is, to make most parts in Japan, by the coming fall. Besides finding Y400 million through capital increase, Nissan expects to issue debentures and float some bank loans.

Toyota Motors Industry will invest Y1,500 million in 1956 as it did in 1955, for which it will modernize truck and bus divisions and increase production of small vehicles. Toyota will resort to reverse funds for 40 percent of its projects, will get a loan of \$2,350,000 from the World Bank, and small sums from commercial banks.

Hino Diesel Industry, the Japan patentee of France's Renault, expects to invest Y1,100 million in 1956, or Y300 million more than in 1955. It expects to complete an efficient press by the end of the year so as to make the

Renault as nearly 100 percent Japanese as possible. Life underwriters expect to advance Hino Y400 million. This, together with reserve funds and loans from the Long Term Credit Bank, is to take care of Hino's finance in good shape.

Isuzu Jidosha, the Japan patentee of Britain's Hillman, will invest Y800 million in 1956, a Y300 million increase over 1955 investment. By the fall of 1957 it expects to build Hillmans with all Japanese parts. Aside from Y250 million in reserve funds, Isuzu will get some loans from commercial banks.

Metal Mining

Supported by the worldwide wave of prosperity since 1955 the metal mining industry has been faring lately as it has seldom done before. Mining companies are as eager to invest in facilities as anyone else. Speaking on the whole, they would rather find their own means than depend on loans from outside.

Nippon Kogyo expects to invest Y2,500 million in 1956 or Y500 million more than in 1955. Principal projects are enlarging facilities for producing more pyrrhotite at the Kawayama mine and enlarging the Funayama oil refinery to include Fulfral solvent facilities, now that the concern will be ceded former naval fuel depot at Iwakuni, and also for harbor improvement. Capital, increased to Y1,680 million and a Y1,100 million redemption fund are sufficient to take care of most projects.

Mitsui Metal Mining will invest Y1,129 million in 1956 (Y1,380 million in 1955), which will be spent for enlarging the zinc division, and for enlarging the mining concentration and smelting divisions of the Kamioka mine. Depending on the progress of development of Mitsui's copper claims in the Philippines, it may enlarge the copper smelter at the Hibi mine.

Mitsubishi Metal Mining will invest Y1,350 million in 1956 (Y900 million in 1955), with which it will build the Hanayama powerhouse for the Hosokura smelter and new sinter ovens for the Akita smelter, mechanize operations of all mines, and prospect for new deposits. The concern will finance the bulk of these projects from its own resources. The Hanayama powerhouse, however, being a cog in Miyagi Prefecture's overall power project, Mitsubishi has been applying to the Development Bank for a Y100 million loan to defray part of the cost.

Photo Supplies

Public demand for photographic film having virtually reached its limit, photo suppliers and film makers have turned their attention to producing movie films. Fuji Photo Film is investing around Y1,300 million in 1956 (about Y800 million in 1955). The concern is building a new color film plant in view of the rapidly increasing demand. Funds are self-sufficient. Konishiroku Photo Industry, which invested Y120 million in 1955, increased its capital in the fall of 1955, Y870 million of which went for the construction of a new emulsion division in the Hino plant. It is expected to be completed in July 1956. Konishiroku figures on investing Y230 million in 1956 for manufacturing movie films.

Cement Industry

Portland cement has upped production rapidly in the last few years. Today it has a monthly capacity of some 1,200,000 tons, showing a 70 percent increase compared with 1952. The cement market has weakened since the summer of 1954. What was known as the "cement boom" is now a thing of the past. Big concerns' industrial investments practically came to an end in 1955. They are primarily interested in finishing up the projects where they

left off in 1955, and in concentrating their efforts in 1956 to strengthening the rationalization of existing facilities.

Nippon Cement invested Y2,800 million in 1954, Y4,000 million in 1955, but the 1956 investment is expected to fall off to Y2,100 million. The company furnishes all funds needed out of its own resources. Foremost among the projects are increasing assembly lines and adding more rotary kilns (machines have been already bought) at the Kaharu plant, to be completed shortly, tidying up facilities in the various plants, and a Y200 million investment in a subsidiary concrete concern.

Onoda Cement invested some Y4,000 million in 1954, Y3,400 million in 1955, but in 1956 industrial investment will be reduced to Y2,500 million. Onoda will furnish Y1,800 million out of its own resources, and will probably issue debentures and float some loans from commercial banks for the rest. Principal projects are building railway tracks into the Ofunato plant, remodeling of its concrete tanker fleet, establishing three new packing places, and increasing air-quenching coolers. Onoda is planning to nurture allied industries, like plants for producing raw concrete, PS concrete, concrete blocks, fertilizer by-products, and marine engines, for which Onoda is earmarking a Y2,000 million investment.

Before the war 67 percent of Japan's exports and 57 percent imports were carried in Japanese bottoms, while only 44 percent and 46 percent respectively after the war. Japanese shipping has not yet recovered to its prewar level. Considering that Japan has lost since the war her "Coastal Area No. 1" (mainly Chinese coastal areas), which was formerly an unrivaled sphere for her shipping, it cannot be said that the revival of Japan's shipping lags too far behind. Actually, it has undergone a substantial development since the war, as compared with other nations, or with pre-war levels, though further replenishment is certainly needed.

The Japanese merchant fleet at the end of 1955 totaled 3½ million gross tons (including ships above 1,000 tons only). It was over 4 million tons before the war and reached above 6 million tons in early 1942, immediately after the outbreak of the last war. But as many as 860,000 tons of vessels were destroyed during the subsequent 3½ yr. war. Newly-built vessels could not possibly offset the losses, with "3 tons sunk to 1 ton constructed". By August 1945 when the war ended, the nation's merchant fleet had been whittled down to 1,500,000 gross tons. Of this tonnage, 70 percent comprised so-called "wartime standard vessels" hastily built with bad materials and consequently of low efficiency. Of the remainder, 70 percent again consisted of over-age ships, only a little more than 500,000 tons being seaworthy.

Such being the case, for the postwar rehabilitations of Japan, the construction of bottoms, especially ocean-going vessels was a pressing need. The shipping policy formulated by the Allied Powers for Japan at the initial stage of occupation was, however, extremely rigid. The Japanese Reparations Program drawn up by the Reparations Inspection Commission, the so-called Pauley Recommendation—aimed at limiting the merchant fleet to 1,500,000 tons, namely to the very level obtaining at the war's end. It was considerably eased by the subsequent Strike recommendation of April 1948, which set the goal of 4 million tons for the merchant fleet and a yearly construction of 400,000 tons. (All these were recommendations; they were not executed). On the other hand, construction of new vessels has been carried out by the Government under a fixed program every year since 1947, and the tonnage has risen steadily. A full-scale strengthening for ocean-going routes has gone on, especially since 1949, the tempo of recovery being accelerated along with the favorable turn of shipping market brought about by the Korean war boom of 1950.

Japan ranks eighth after the U.S.A., the U.K., Norway, Liberia, Panama, Italy and France in that order, compared with Japan being third among the world's maritime powers, holding 6 million tons of vessels. Herein lies the patent reason to reinforcement of Japan's shipping.

Great finance is required for the building of new ships. Properly speaking, for the huge loss of bottoms sustained during the war the shipping industry should have been indemnified by the State. In the face of the spiraling inflation that followed the war's end the government stopped the payment of all war indemnities for fear that it may stimulate further the inflationary trend. The indemnities for shipping amounted to 2,500,000,000 yen (At present currency value; 250,000,000,000 yen). Shipping companies were thus dealt a serious blow and forced to exhaust capital as well as the reserve profits accumulated in the past years. Accordingly, these companies had to depend upon borrowed capital for the subsequent expansion of their bottoms. Furthermore, they were obliged to ask for the advances by the government for the larger part of their credit requirements, as it was impossible to rely much on commercial banks under the then prevailing dear money situation. Advances by the government corresponds, in terms of the present system, to loans by the Japan Development Bank. This

Bank accepts once a year (twice if circumstances require) shipbuilding programs formulated by the companies concerned and applications for credits, and selects qualified companies so as to operate within the framework of the Bank's funds appropriated by the national budget and in line with the nation's maritime policy. The advances by the Bank are made not to the full amount of the required sum for each company, but at the ratio of 8-2 or 7-3 against commercial bank loans. This is what is called planned shipbuilding by the government. The Bank's loans are generally extended at the standard money rate of 9 percent p.a.; however, special treatment is given to both shipping and electric power industries, for which the interest rate is fixed at 5 percent p.a. Moreover, an arrangement exists under which the company is allowed to defer the payment of interest on loans to the extent of 1.5 percent a year, so that actually the interest burden by the shipping companies is 3.5 percent p.a. (Terms of credit: 15½ years and payment by installments). The long-term loans supplied by the commercial banks to the shipping companies were at 3 sen p.d. (10.95 percent p.a.). It has been reduced to 2.8 sen p.d. (10.22 percent p.a.) since January, 1956 in view of the recent downward tendency of money rate as well as at the request by maritime authorities. Of the commercial banks, however, debenture issuing banks (mainly the banks supply-

ing long-term funds) have been extending credits at 2.9 sen p.d. (10.58 percent), the terms of credit being 5 years by instalments every other month, with payments deferred up to the completion of construction. The money rate of commercial banks in Japan is, at any rate, higher than in other countries. It is obvious that Japan would be placed at a disadvantage in international competition because of a higher cost of vessels if the shipping companies rely on commercial bank loans even for a part of their shipbuilding funds. Therefore, under the Interest Supplementation Law, the interest is fixed at 5 percent p.a. for shipping companies, the government contributing the difference between the same and the money rate of commercial banks. Government grants are expected to be cut by half from 1956. It would not be right to conclude from these facts that Japan's shipping is being accorded an unreasonably advantageous government subsidy for international competition. For, the greatest important reason for the shipping companies requiring outside financial assistance now is the fact that they have been subjected to a complete suspension of postwar war indemnities on top of sustaining heavy losses of vessels in the war. But for the suspension of the war indemnities, though undoubtedly unavoidable for Japan's economy, the shipping companies would not have been placed in such a difficult position as at the present time.

The planned shipbuilding by the government has been carried out every year to date, as is shown below. The 12th official shipbuilding program is now in the making. The loans by the Japan Development Bank for the coming fiscal year is expected to be fixed at 59,500,000,000 yen of which 12,700,000,000 yen will be earmarked for building new ships. It is planned to build 220,000 gross tons of vessels

with this money. But at the insistence of the shipping circles, especially the tramp-freighter companies, which call for construction of 300,000 gross tons of vessels in view of the recent revival of shipping market, it has been decided that the construction of difference of 80,000 gross tons would be approved in the case that the Development Bank had enough surplus funds. It should be noted that the shipbuilding by individual shipbuilders with their own capital funds has been started recently without asking for advances from the Development Bank. This is attributed to the fact that the settlement of account of the shipping companies has taken a favorable turn since the first term of 1955 after showing losses continuously from the latter half of 1952 and that the rosy prospect is expected to last for a few years to come along with the worldwide shipping boom. It can be said that the shipping companies of Japan are now at the threshold of normalization after ten long years of post-war dislocation and anomaly.

Year	Government's Shipbuilding Program					Total No.	G.T.
	Shipping program	Freighter No.	G.T.	Tanker No.	G.T.		
1947	1st	29	37,725	—	—	29	37,725
1947	2nd	28	55,895	—	—	28	55,895
1948	3rd	24	53,687	—	—	24	53,687
1948	4th	12	41,060	—	—	12	41,060
1949	5th	35	196,640	6	72,000	41	268,640
1950	6th	33	217,700	2	25,000	35	242,700
1951	7th	26	179,400	2	24,000	28	203,400
1951	7th	17	128,000	3	42,000	20	170,000
1952	8th	29	198,900	7	94,400	36	293,300
1953	9th	12	91,050	—	—	12	91,050
1953	9th	20	167,310	5	64,000	21	221,310
1954	10th	19	154,470	—	—	19	154,470
1955	11th	16	129,645	3	53,920	19	183,565

REPORTS FROM TOKYO

Money Market: The easing money market since last year began to show signs of slight tightening from lower May and continued into June. This situation is attributed to: (1) the unexpectedly large receipts over payments in Treasury accounts with the public during May and June due principally to increased receipts from corporate taxes reflecting corporate business improvement, and the recent turn to excess receipts over outgo in the Foreign Exchange Fund accompanying the rise in import and (2) the substantial increase in bank loans both seasonal and from rising demand for operating funds attending the growth in production and transactions. Under these conditions the call money rate has firmed since May-end, and Bank of Japan credits were again on a rising tendency. The outlook is for continuation of the slightly tightening money market at least up to October or so when Gov't payments for rice deliveries will reach their peak, as Treasury funds are expected to show excess receipts during July-Sept. from indications of recent international balance of payments trends and the seasonal lull in Treasury payments.

Japan-W. Germany Trade Agreement: The following terms were agreed to recently at the trade negotiations held at Bonn since October last year. (a) The outstanding Open A/C deficit balance against Japan (Japan-W. Germany Open A/C was closed at Sept.-end last year) is to be settled in U.S. dollars or in pound sterling cash instalments by June-end next year. (b) No trade arrangement will be made for the year from April '56 to March '57 but the following measures for trade expansion will be taken: (1) On imports from W. Germany, Japan will increase the insurance applicable import items and cut the import guarantee

deposit rate on par with the sterling area and (2) W. Germany will make new foreign currency allocations on import of cotton and spun rayon fabrics for re-export; canned tuna, bonito and crab; and tea as well as raise the import allocation amount on foods, textiles and chemicals. These measures are expected to expand export-import volume substantially (1955 figures were; export \$25 million and import \$35 million). In particular, favorable effects on exports from Japan are anticipated.

Economic Conditions: According to the economic report for June of the Economic Planning Board, the demand for and production of goods as well as employment are still kept at high levels. But, a change in the situation is noted lately in that the rate of increase in exports, in plant and equipment investments or in consumption has gradually slowed down; that the balance of payments surplus has diminished; and that the business loans of banks are tending to increase. Foreign exchange statistics show exports in May were \$32 million less than in April, though \$36 million greater than a year ago, at \$178 million. Imports on the other hand are on the increase, the payments effected for that purpose during May amounting to \$182 million. The result was an adverse balance in visible trade for the first time in the last 12 months, and inclusive of the invisible trade the foreign exchange account ended in a surplus balance of only \$28 million or \$24 million less than in April. The level of consumption in urban districts for April was still 9.5% above, and new orders for machinery representing equipment investments were twice as large as the same month last year, but they do not compare favorably with March. Production index for April was 1.4%

higher than March and rose more than twice as high as the prewar level. Prices remain generally unchanged, except for a seasonal fall in foodstuffs and a rise in scrap iron.

Bond Issues: Banks entrusted with corporate bond issues and securities companies met to exchange views on the prospects of issuing bonds in July. Owing to the recent trend for lower interest rates and anticipation of some easing in the conditions for securities issues as from August, no new nor refunding issues of bonds were desired for the month of July. Not since the reopening of the new issue market in 1949 has such a thing ever happened.

Exchange Control: In an informal talk with the representatives of foreign trading firms, Finance Minister Ichimada expressed his wish to increase the funds of the Export and Import Bank in next fiscal year to help expansion of plant exports. He also spoke in favor of abolishing the present Foreign Exchange Fund Special Account as early

as possible and moving in the direction of freeing exchange transactions.

Corporate Income: According to the Taxation Bureau, both the published profits and declared income of 897 corporations (with capital of Y100 million or more each) making settlement of accounts at March-end recorded an increase of 10.7% and 9.2% respectively over the previous half-yearly term. By groups of industry, machinery leads the list in the gain in declared income of 60.6%, followed by precision machines & tools (42.5%), primary metal (42.0%), mining (37.6%), and aquatic products (30.2%), while foodstuffs and paper & pulp slightly fell off.

Wheat & Barley Crops: The Ministry of Agriculture & Forestry disclosed its forecast as of June 1 on the 1956 wheat, barley and rye crops of 29,995,330 koku. This is nearly 2,000,000 koku more than the average year, but about 370,000 koku less than the actual yield last year.

Selected Indicators

	1952 Dec.	1953 Dec.	1954 June	1954 Dec.	1955 Dec.	1956 Apr.	1956 May
Bank Notes	576,431	629,891	534,214	622,061	673,890	584,746	521,224
Wholesale Price Index	97.7	102.8	97.7	98.0	97.9	100.2	101.3
Ind. prod. Index	134.2	172.5	163.4	172.9	199.1	211.2	212.3
Export (\$1,000)	113,636	139,742	125,461	190,022	249,179	194,903	195,256
Import (\$1,000)	201,755	264,474	195,396	172,939	233,344	271,828	255,261

Production of Essential Commodities

Commodities	(unit)	1952 Mon. Ave.	1953 Mon. Ave.	1954 Mon. Ave.	1955 Mon. Ave.	1956 Mar.	1956 Apr.	1956 May
Coal	(1000 M.T.)	3,613	3,986	3,560	3,535	2,948	3,783	3,912
Pig-iron	(")	290	410	384	435	480	485	515
Steel	(")	406	434	466	578	650	634	648
Electrolytic copper	(M.T.)	7,867	9,386	8,874	9,443	9,426	9,006	10,826
Zinc	(")	5,836	7,482	8,489	9,377	10,627	12,524	12,158
Aluminum	(")	3,555	4,200	4,426	4,792	5,107	5,478	5,784
Sulphur	(")	14,705	15,336	15,642	16,868	19,109	18,943	19,600
Cement	(1000 M.T.)	593	807	890	880	1,063	1,181	1,113
Ammendium sulphate	(")	163	163	173	177	190	203	211
Raw silk	(bale—132 lbs.)	21,391	20,893	21,493	24,123	22,528	22,306	20,284
Cotton yarn	(mil. lbs.)	66	91	85	77	79	88	90
Cotton fabric	(mil. sq. yds.)	187	259	265	252	274	300	295
Rayon fabric	(")	41	54	55	65	75	76	76

AFTER THE PEOPLE'S CONGRESS IN CHINA

The session of the National People's Congress in Peking last month reflected the new mood of socalled liberalization which has begun in all the Communist regimes as a result of the dethronement of Stalin. The Communists have surrendered none of the prerogatives they arrogated to themselves from the first. None may oppose them or denounce the doctrines of Marx or Lenin, nor may anyone be permitted to confuse Stalin and the Party in their denunciations. If Stalin was nearly always wrong the Party was always right. There is great pressure from below for ever more penetrating reform, and the heady wine of liberty is now at least rivalling the austere idealism of the materialist Marxists among the rank and file.

But the great body of intellectuals in China, isolated, scorned, reduced to poverty if not beggary, represented a sum of knowledge and ability indispensable to the Chinese Communist Party, which emerged from the primitive countryside still largely a peasant party with few outstanding scholars and intellectuals among them and practically none with professional qualifications. It is to be doubted whether there is a single man with a science degree among the whole Central Committee. These professors and scientists have now been invited to join the Party and are assuming their rightful place in what is one of the most monumental efforts any people have made since the dawn of man-made history. Within the closed limits all schools of thought may contend, and it is perhaps just as well, in this newly-recovered liberty, that the disciplines of the Communists remain in force outside those limits, thus minimising the danger of intellectual anarchy, confusion and futility that could endanger all.

The People's Congress lit the lamps of China once more. But more important by far will be the next national Congress of the Communist Party. Preparations for this have been going on for some months. Local party congresses have been and are still being held in various parts of the country which are supposed to exercise within their small realm the powers of the supreme organs of Party organizations; to examine the work of the Party committees; decide on important questions faced by Party organizations; elect Party committees; and, at Party congresses in the provinces, autonomous districts and municipalities directly under the Central Government, elect delegates to the 8th National Congress of the Party, to be held in the autumn.

One of the Party spokesmen in Peking, Chiang Po-chung, contributed to the Jen Min Jih Pao (People's Daily) an authoritative article in which he emphasised the necessity of developing democracy at the local Party congresses and complained that this necessity had not been adequately appreciated, particularly by leading county organs of the Party which "look with infinite anxiety at the full development of democracy." They are afraid, he wrote, that full development of democracy and full practice of criticism from below will obliterate or under-rate the accomplishments of leadership, will lower the prestige of the leading organs and will have an unfavourable effect on the solidarity of the cadres. As a result they proved themselves to be "not bold enough" to develop democracy. Such an "infinite anxiety" among certain leading organs naturally caused Party members and delegates to be afraid of practicing bold criticism. They are afraid their views will be of no use and that some day they will themselves become the targets for criticism. For this reason, they do not express their views and even if they do, express them super-

ficially, avoiding the vital points. This could considerably handicap the development of inner-Party democracy, and thereby affect the results of Party congresses.

If democracy is to be fully developed, says the critic, the leading cadres must be courageous to practice self-criticism and be humble in accepting criticism. The example was cited of many of the County Party congresses in Hopei province last September, when at special meetings the leadership of the county committees was examined and opinions expressed on each member of the committee. Members of the county committees also made self-examination and listened to the criticism and views expressed by members of the Party branches in the organs to which they belonged. The Committees corrected the erroneous understanding and attitude of a few members with regard to criticism, such as over-estimation of their work success, unwillingness to bare their defects in work, shifting of responsibility to others, fear of damage to their prestige, and fear of failure in re-elections. At the congresses in these localities the party committees not only practiced sincere self-criticism in their work reports but paid attention to calling forth and supporting criticism from below.

Some of the committees examined their shortcomings and errors; others made special self-examination at the congresses; still others made supplementary self-examination of their shortcomings and errors in leadership. This dispelled the misgivings with regard to the practice of criticism and called forth active criticism from below. The attending delegates put forward many valuable criticisms and opinions and examined their own shortcomings while criticising others. This brought about identical views of the leading cadres and the delegates on errors and defects in work. As shown by facts, these methods will only increase the prestige of leading organs and cadres and will by no means lower their prestige.

In developing inner-Party democracy, it is necessary to attach particular importance to the election of the leading organs. The Party Constitution states that all leading organs, where elections can be held, must be elected by the congresses and general meetings of Party members. The system of electing the leading organs of the Party is an indication that their components are decided on by all members of the Party organisations concerned and that their power is given by Party members. The lower leading organs are responsible not only to the higher leading organs but also to the Party members who elect them and, moreover, should report to these Party members on their work. The leading organs should not only direct the activities of Party members but should also accept Party members' criticism and supervision. To elect the leading organs of the Party is an important way of strengthening supervision from below, an important way of improving and strengthening the collective leadership of Party committees and also an important way of selecting the leading cadres. At the same time this election system, if seriously put into effect within the Party, will cause member masses to obey the leading Party organs consciously, carry out the resolutions of the Party and interest themselves in the work of the Party.

Thus it is wrong to regard elections as "a matter of formality" or as "incidental business" and purely technical work of congresses. In some cases, the suitable character of the candidates proposed by the Presidium during elections is taken for granted and no serious consideration is

given to the views expressed by delegations and delegates on the candidates; in particular, their demand for a change of candidates is not given serious attention and the candidates proposed by the delegations and delegates are not introduced to the congresses; or else, only the candidates proposed by the Presidium and not the candidates proposed by the delegates are put to the vote. This approach is obviously contrary to the inner-party election system. Such an undemocratic election took place last December when the Party congress was held in Chihhsien county, Heilungkiang, to elect county committee members. At that time the vast majority of the delegates did not approve a certain member (whose name was given in the People's Daily) who was also a magistrate at the time, as a candidate member for the incoming committee. This was because he not only failed to make a good job of Party work but committed serious errors in his private life, producing a very bad effect on the masses. Instead of taking the views of the masses into serious consideration, the Presidium of the congress explained things in an erroneous manner: "During group discussions you are supposed only to add merits or demerits of the candidates proposed by the outgoing committee and not to propose their change. If you don't agree, all you have to do is not to elect the proposed candidates." At the same time, the candidates were elected without vote at the congress. The undesirable member was thus elected on a slight majority of votes. This caused discontent among many delegates. On discovering this, the Hsichiang district committee and the provincial committee did not approve of this member and issued a circular about this election, after a check-up. The lesson shows the necessity of fully discussing the candidates during elections. The fuller and deeper the deliberations, the better knowledge and better choice of the candi-

dates. The electors' right to criticise and change the candidates must be fully guaranteed during elections; that is, the electors have the complete and decisive right to determine who to elect and not to elect. This right must not be subjected to any restriction.

"In a word," says the contributor to the Peking People's Daily, "democracy must be freely and highly developed in order to ensure the success of the Party congresses. But this does not mean that development of democracy can dispense with leadership; on the contrary, leadership should be strengthened. In the process of developing democracy, we should both prevent undue restriction and suppression of democracy and avoid lack of courage in leadership and letting matters take their own course. Inner-Party democracy can conduce to the Party cause only when the practice of democracy is guided and the development of democracy from the bottom is combined with the leadership from above, that is, only when high-degree democracy is combined with high-degree centralization."

Chiang Po-chung concludes by saying that the institution and perfection of the system of local congresses and conferences on the basis of the successful congresses this time is a problem worthy of serious attention in the life of the Party. The institution and perfection of this system will give a new appearance to the inner-Party democratic life, will give an impetus to its development, and will conduce to the Party leadership and Party work.

In another article a week or so later the People's Daily calls for more intensive Party control work in factories, mines, Communications and Transport departments and thus help in combatting "bad men and bad things."

REPORTS FROM CHINA

Flood Control: Minister of Water Conservancy Fu Tao-yi reported on June 21st that the flood situation was under control along major rivers. The water level was falling along the Huai River where the flood season had set in a month earlier than usual because of concentrated downpours over a wide area. The rainfall during the first ten days of June at Pengpu and a number of other places on the Huai River reached 400 millimetres. This raised the river at some places above the highest water levels reached in 1954. Reservoirs and water detention basins were opened to take away 5,200 million cubic metres of water, dispersing the crests. No breaches of the main dykes took place. But rainfall flooded part of the wheat land in Honan and Anhwei. The situation along the Yangtze River was normal, although some of its tributaries in Hunan and Kansu had risen to unusual heights on several occasions since May. The Yellow River was also under control. Earlier in the month, a Chinese language broadcast from Peking said that in addition to widespread flooding of wheat and soybean crops in Anhwei, there had been disastrous floods in Honan, China's richest wheat-producing area.

fulfilment of 1955 Plans: The total value of China's industrial output in 1955 increased by 8% compared with 1954. Plans for 37 out of the 45 major industrial products were fulfilled. These include power, coal, crude oil, pig iron, steel, rolled steel, ammonium sulphate, locomotives and new types of ploughs. Plans for eight industrial products were not fulfilled, including cigarettes and cotton cloth. The total grain output reached 184 million tons or 9% more than in 1954. Cotton output reached 1.5 million tons or 43% over that of 1954. There was an increase of 6%-95% in output of other principal crops including sugar beet, jute, tobacco, rape-seed, groundnuts, tea and silk. The number of state mechanised farms reached 106, farming 270,000 hectares of land or 45% more than in 1954. There were 138 tractor stations. Irrigation projects built and repaired in 1955 extended the area under irrigation by more than 1,260,000 hectares, and improved irrigation facilities for over 3,000,000 hectares of land. Over 866,000 hectares of land were reclaimed. Compared with 1954 the total output of aquatic products increased by 10%. The total area afforested in 1955 was over 1.7 million hectares, a 47% increase over 1954. The plan for animal husbandry was not fulfilled. In 1955 relief funds allocated by the government for the rural areas totalled more than 200 million yuan and agricultural loans amounted to more than 1,000 million yuan.

Capital construction increased by 15% compared with 1954. Because of reduced costs total investments in capital construction were 8,630 million yuan, or 94% of the original plan. Compared with 1954 industrial capital construction in 1955 increased by 27%. Work began on 485 large construction projects, of which 82 were put into operation in 1955. They included shaft mines, a machine-tool plant, sugar refineries, and cotton mills. Capital construction in transport, posts and tele-communications increased 27% compared with 1954. 1,222 kilometres of new railway tracks were laid. There was a 65% increase over 1954 in capital construction in agriculture, forestry and water conservancy. Construction of public utilities increased 9% compared with 1954. Housing with a total of 14 million square metres of floor space was built. The mileage of railways open to traffic in 1955 totalled 26,931 kilometres.

Industrial Output: Peking announced that China's industrial output this year would be 8,800 million yuan

above 1955. In 1956, output of capital goods would be 23% over last year, and output in the machine-building industry 60% greater. Capital construction this year would account for one-third of all for the five-year plan. During the current year industrial production would reach the five-year targets and capital construction, 87.6% of the goal. Trial production of jet plane engines in Ch'na was recently completed. The daily pig iron output per cubic metre of available blast furnace volume on a national scale improved to 1,2987 tons, as against 1,1655 tons in the past. Mass production of lorries would begin on October 1st. The combined total output of all major state and joint state-private industrial enterprises in the first five months this year had already reached 102.8% of the plan. This was almost 30% above the same period last year: electric power output increased by 13.8%, coal by 14.7%, petroleum by 17.3%, pig iron by 30.9%, and machine tools by 140.5%. The output of steel increased by 52.5% and steel products by 28.4%, although both had not fulfilled the original targets for the first five months of 1956. The amount of capital construction exceeded that during the same period of last year by 68.3%. Light industry this year would exceed that of 1955 by 17% in value. Targets for the majority of light industry products were overfulfilled in the first quarter. Peking, however, admitted that the quality of some light industry products lagged behind the increase in quantity and rising consumer demands.

Labour Shortage and Wage Increase: Average wages of workers in China in 1955 (not including those of private enterprises) increased 3.9% compared with 1954. Total wages increased by 12% over 1954 due to the increase in the average wage and the growth in the number of workers. By end of 1955, number of workers totalled 18.5 million; 200,000 more than in 1954. The Minister of Labour recently announced that highly skilled workers would receive an 18% wage increase this year and workers in heavy industry a 15% increase. For top level scientists and technicians the increase would reach 36% in Peking. Workers in Taiyuan would get 20% increase. Salaries of primary school teachers would go up 32.88% and the wages of the staffs of the people's committees in the hsiang (local administrative unit embracing several villages) would go up by 68.76%. Receiving increases this year below the national average of 14.5% would be employees in government offices, workers in light industry and some other sections. The Minister stated that the general principle adopted in fixing these increases was "pay according to work." He also disclosed that since last winter, there had been a labour shortage in the cities. This was due partly to the rapid growth of industry and capital construction and partly to the ending of the drift of peasants into the cities. The number of workers' technical schools had grown from 22 in 1952 to 96. This year the number would reach 192, but even this would still be behind the needs.

Industrial Expansion: Construction of the last four cotton mills to be built under the first five-year plan began last month. The plan calls for 19 cotton mills. Eleven have already gone into operation and four are nearing completion. A number of smaller mills are also being built. The 19 major mills will have a combined total of 1,420,000 spindles and 45,000 power looms. Buildings for 6 out of 11 major workshops of the No. 1 Tractor Plant in Loyang were recently completed. Construction of the plant began last year and is scheduled to be completed in 1959. The plant will have an annual production capacity of 15,000

PRODUCTION STATISTICS OF COMMUNIST CHINA

By G. W. Hemy

PART III

PAPER

In reporting production indices and figures reports refer to 'Paper' or 'Machine Made Paper'. The discussion in Appendix I gives support to the assumption that 'Paper' refers to total paper production (hand and machine made). Machine made paper apparently includes newsprint since the 1957 production figure is stated to include 154,000 tons of newsprint (N.C.N.A. 24.8.55).

very tentative. Rostow (op cit p.239) gives the following production figures for Machine Made Paper.

	Pre 1949	Peak	...	120	(source not stated, on p. 229 he gives Manchurian peak production at 76,000 and Chinese as not available).
1949			108	
1950			101	
1952			264	

Production

Year	Index	All Paper	Production 000 metric tons	Machine Made Paper			Other Paper Production 000 metric tons
		Increase on previous year %		Index	Increase on previous year %	Production 000 metric tons	
Pre 1949 Peak				43		(160)†	
1949	29		(152)	38	②	(140)	(12)
1950	38	30	(198)	52	37	(190)	(8)
1951	65	71	(339)	67	29	(250)	(89)
1952	100	55	524 *	100	49	370	(154)
1953	115	15	(602)	115	15	(425)	(177)
1954	149	30	(780)	130	14	480	(300)
1955 (Budget)				142	9	(520)	
1956							
1957 (Plan)	166		872 *	176		665	(207)

* See Appendix I for these figures.

† Calculated from the index.

The planned increase in capacity in the Five Year Plan is 95,000 tons (eventual increase 186,000 tons) of which 40,000 tons was installed by the end of 1954. There has obviously been an increase in the use of the available plant.

Continuous indices for all years before 1952 are not available and my indices have been built up by the combination of several sources. These figures are therefore

tractors of 54 horse power each. Ten major sugar refineries with a total annual capacity of 400,000 tons of sugar are now being built in China. They will be completed by 1958 or earlier. 8 are cane sugar refineries in Kwangtung, Kwangsi, Fukien and Szechwan; 2 are beet sugar refineries in Inner Mongolia and Heilungkiang. China's total machine-made sugar output last year was 410,000 tons.

Agricultural Developments: Peking declared that the food situation is very stable throughout the country. Last year's good harvests enabled the state to fulfil its current food purchasing targets and left a bigger surplus to the peasants. The state had not only increased food stocks but had also exported 1.5 or 2 million tons of grain annually during the past seven years in spite of the flood in 1949 and 1954. The winter wheat crop now being harvested in Hopei is estimated at 2.08 million tons. This is 17% more than last year and surpasses the highest record in the past nine years. The estimate was made by the Hopei Provincial Statistical Bureau after a survey of the province's 2.18 million hectares of wheat land. This year the wheat acreage was reduced by 110,000 hectares to make room for more cotton while the average wheat yield is placed at one fourth more than last year. In Sinkiang, a 28,000-hectare cotton farm is being established in the Manass River basin. The farm will be the biggest of its kind in China. Peking also announced that China's sugar-cane acreage had been increased by 18.3% to a total of 226,000 hectares.

MISCELLANEOUS PRODUCTS

Product	Unit	1951	1952	1953	1954	1957 (Plan)
Timber	million cubic metres	9	10	16.7	21.1	20
Salt	000 metric tons		4830			7425
Fish and other						
Aquatic products	000 metric tons		1725	1890		3215
Products of Fish						
and Meat	000 metric tons			346		921

SECTION C: AGRICULTURE

1. Food Crops, 2. Grains, 3. Oilsseeds, 4. Sugar,
5. Cotton, 6. Tobacco, 7. Other Crops, 8. Yields.

ALL FOOD CROPS: PRODUCTION

Year	Index 1952=100	Increase on previous year	Production 000 metric tons
Pre 1949 Peak	(91%) (1936)		150000
1949	69		113000
1950	81	17	(132200)
1951	88	9	(144600)
1952	100	13	163900
1953	(102)	2	166300
1954	103.4	1	169500
1955 (est.)	(108)	4	180400
1956			
1957 (plan)	117.6		192800

This is a particularly consistent series. For many years both indices and actual figures are given and these are generally in agreement.

FOOD CROPS: PRODUCTION BY MAIN TYPES

Crop	000 metric tons		
	1952	1953	1954
Wheat	22600	22600	28500
Rice	68000	70000	69300
Other Grains (Barley, Oats, Millet, Sorghum, Maize)	49700	49700	48200
Edible Oilseeds (Groundnuts, Soya, Sesamum)	12000	12300	11500
Other Food Crops (Peas, Beans, Potatoes)	11600	12200	12000
TOTAL:	163900	166800	169500

For derivation see Appendix III.

WHEAT: PRODUCTION

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
Pre 1949 Peak	99		(22400)
1949	71		(16000)
1950	80	12	(18000)
1951	91	14	(20500)
1952	100	10	22600*
1953	100	0	(22600)
1954	128	28	(28500)

* This is the F.A.O. estimate, for 1951 it is 22,200. Rostow (op cit p. 238) gives the following figures:

Past Peak	24,000
1950	19,300
1952	22,800

T.H. Shen (op cit p. 180) gives the 1931—1937 average production as 22,000, which agrees well with my figure which is calculated from the index.

(All figures are 000 metric tons).

PADDY RICE: PRODUCTION

Year	Index	Increase on previous year %	Production 000 metric tons
Pre 1949 Peak	86		(58500)
1949	64		(43500)
1950	83	29	(56400)
1951	85	2	(57800)
1952	100	16	68000*
1953	103	3	(70000)
1954	102	—1	(69300)
1955	(115)	13	78450*

(estimate).

* Figures given in "Methods to increase Rice output discussed" (N.C.N.A. 6.10.55): "China's rice harvest this year is expected to reach 78,450,000 tons, exceeding the harvest for 1952.... by more than 10,000,000 tons." But later (N.C.N.A. 15.11.55) the 1955 rice crop is stated to be 5 m. tons above 1954.

Other Estimates

Year	000 metric tons		
	F.A.O.	T.H. Shen	Rostow
Pre 1949		Over 50,000	48600
1948-1950	47200		
1950		46900	
1951	48300		
1952	47800		55900
1953	48300		

OILSEEDS: PRODUCTION

For the basis of the figures in the first four tables, see Appendix III.

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1951	85		1760
1952	100	17	2300
1953	90	—10	2070
1954	117	30	2320

GROUNDNUTS

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1951	79		2400
1952	100	26	3050
1953	92	—8	2800
1954	92	0	2800

RAPESEED

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1951	79		2400
1952	100	26	3050
1953	92	—8	2800
1954	92	0	2800

SOYA BEANS

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1951	100		8850
1952	106	6	9380
1953	96	—9	8500

SESAME

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1951	100		800
1952	106		850

COTTONSEED

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1949	34		770
1950	55	62	1250
1951	81	47	1840
1952	100	28	2280
1953	94	—6	2140
1954	85	—9	1900
1955 (est.)	104	22	2360
1956 (plan)	114	10	2600
1957 (plan)	125.4	10	2860

The indices are the same as those used for lint cotton: the production figures are obtained by assuming the proportion of cottonseed to lint cotton is 7:4.

China Pictorial (April 1955) states: "the annual output of cottonseed is about 2,000,000 tons".

Oil Extraction Rates

The following table compares

- Average yield from commercial crushing as used by the Commonwealth Economic Committee in "Vegetable Oils and Oilseeds".
- Yield obtained by a big mill in Shanghai (as given by T. H. Shen—Agricultural Resources of China—pp. 269 ff.).
- Yield from a Chinese wooden press (—ibid). Shen remarks that while this press is relatively efficient, the figures given are probably all rather high.
- Post 1949 oil yields for China.

Oilseed	(a) %	(b) %	(c) %	(d) %	Source for (d)
Groundnuts	31†—42*	28—39	25—30		
Rapeseed	35	25—37	30—32	37½	F.E.E.R. 27.5.54
Soya Beans	15	9½—11	8—11	11½	Report on 5-year Plan
Sesame	45	40	41		
Cottonseed	18	10—12	9—10	18 1/2	G.P. April 1955 (this allows for seed for replanting)

† undecorticated

* decorticated

Presumably the range of figures for groundnuts under (b) and (c) also refer to undecorticated (lower figure) and decorticated nuts.

In the calculations below I have used the following extraction rates:

Groundnuts	30%
Rapeseed	35%
Soya Beans	11 1/4%
Sesame	40%
Cottonseed	13 1/3%

I have not taken into account any increase in oil yields over the period 1952 to 1954 since the data are insufficient and I doubt whether any improvements had had much effect by the latter date.

Quantity of Vegetable Oils Available All in 000 metric tons

GROUP A		GROUP B	
Edible and economically transportable		Doubtfully edible or not economically transportable.	
Groundnut		Rapeseed: mainly used for illumination though some quantities probably eaten.	
Soya		Cottonseed: owing to its low oil content and the consequently high cost of transporting it, the bulk of it would probably be consumed where grown either by humans or animals.	
Sesame			

Cottonseed: owing to its low oil content and the consequently high cost of transporting it, the bulk of it would probably be consumed where grown either by humans or animals.

Year 1952	Groundnut	Soya	Sesame	Rapeseed	Cottonseed
Production ...	2300	8850	800	3050	2280
less Exports ...	70	530	40	—	—

Nett Available ..	2230	8320	760	3050	2280
Extraction Rate .	30%	11 1/4%	40%	35%	13 1/3
Oil Production .	670	960	300	1020	300

Year 1954	Groundnut	Soya	Sesame	Rapeseed	Cottonseed
Production ...	2320	8500	7800	2800	1900
less Exports ...	7	c 1000	?	—	—

Nett Available ..	2320	7500	800	2800	1900
Extraction Rate .	30%	11 1/4%	40%	35%	13 1/3
Oil Production .	700	860	320	980	250

	1952	1954	Group A	Group B	Group A	Group B
(a) Production of Seeds	11,950	5,330	11,620	4,700		
(b) Production of Oil	1,930	1,320	1,880	1,230		
(c) Average Extraction Rate						
(b)						
(c = — x 100%)						
(a)	18.2	24.8	15.3	26.6		

Compare the table of Edible Vegetable Oil Production in Part B.

SUGAR

1. Production of Sugar Cane

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1951	65		(4600)
1952	100	53	(7100)
1953	103	3	(7300)
1954	122	19	(8700)
1955 (Budget)	143	16	(10200)
1956			
1957 (Plan)	185.1		13150

2. Production of Sugar Beet

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
1949	18 1/4		(88)
1950			
1951	64		(306)
1952	100	56	(478)
1953	101	1	(483)
1954	198	97	(947)
1955 (Plan)	309	56	(1476)
1956			
1957 (Plan)	446 1/4		2135

LINT COTTON

Production

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
Pre 1949 Peak			*
1949	34		440
1950	55	62	720
1951	81	47	1055
1952	100	23	1305
1953	94	—6	1220
1954	(80)	—14	1050
1955 (est.)	(104)	22	1350
1956 (plan)	114	10	1485
1957 (plan)	125.4	10	1635

* Estimates of pre-war production vary enormously, probably because of the difficulty of assessing the quantity used in rural areas: T. H. Shen (Agricultural Resources of China—p. 308) quotes a National Agricultural Resources Board estimate for 1931-7 as 809.5 and one by the U.S. Agricultural attache of about 700. He gives a N.A.R.B. estimate for the pre-war peak as 1032. F.A.O. use 680, as the 1934-8 average. Rostow (op cit p. 239) 1115, as the pre-1949 peak. The Economic Commission for Asia and the Far East (Bulletin Vol. IV, No. 3, November 1953, pp. 17 ff.) quote "People's Daily" of 7.10.49 as authority for 825. Chen Yun (Bridging the Gap between Supply and Demand, P.C. 16.11.54) gives 787.4.

All the foregoing figures are 000 metric tons.

Other Estimates:

000 metric tons

Year	E.C.A.F.E. Econ. Bull. Asia and Far East November 1953	F.A.O. Monthly Bulletin Agric. Econ. and Stats.	C.E.C. Industrial Fibres
1949	430	{ 450*	
1950	685	650	1000
1951	1080	650	1000
1952	1290	620	910
1953		720	
1954		650	

* Average 1948-50.

CURED TOBACCO

Production

Year	Index 1952=100	Increase on previous year %	Production 000 metric tons
Pre 1949 Peak	39.4		(87)
1949	25		(55)
1950	33	32	(73)
1951	114	250	(250)
1952	100	—12	(220)
1953	100	0	(220)
1954	109	9	(240)
1955 (Budget)	150	38	(330)
1956			
1957 (Plan)	176.6		390

OTHER CROPS

PRODUCTION OF JUTE AND AMBARY HEMP

000 metric tons

Year	1952	1957 (Plan)	Production
1949			305
1950			365
1951			
1952			
1953			
1954			
1955			
1956			
1957			

PRODUCTION OF TEA

000 metric tons

Year	1952	1957 (Plan)	1962 (Plan)	Production
1949				
1950				
1951				
1952				
1953				
1954				
1955				
1956				
1957				
1958				
1959				
1960				
1961				
1962				

(To be Continued)

COMMENT ON CURRENT PHILIPPINE AFFAIRS

By Domingo C. Abadilla

(Manila)

Economic Nationalism

The rallies for economic nationalism sponsored by the Chamber of Commerce of the Philippines and the Council of Business and Trade Organizations of the Philippines reflect the current thinking and sentiments of Filipinos, whether in business or not. The tide of economic nationalism that has swept through the length and breadth of the land is a belated concomitant of our struggle for independence on all fronts. The legitimate aspiration to assert himself in all economic fields burns so deeply in the Filipino's heart that today it has become almost trite to say that the political independence we have achieved at the cost of so much blood and sacrifice of our forebears must not be the end of our fight for sovereignty. In fact the Filipinos' fight for supremacy in the economic field has just begun. And the awakening of the population to the need for strengthening Filipinos in business, trade and commerce foretells the unity that cannot but lead to ultimate success in this decisive national venture.

Those who question the propriety of enacting legislations promoting the interests of Filipinos in business have only to look at the affairs of their own countries to determine if what we are trying to do here is not a natural consequence of every nation's desire to enhance the welfare of its citizens. The cries of discrimination which come from certain sectors every time the government does something to help nationals would not be as loud if the foreigners affected were to ask themselves these questions: What would your government do if, as happens in the Philippines, almost all sectors of the economy were controlled by aliens? Would your governments be not justified in seeking measures to uphold the rights of their citizens for bigger participation in business in their own countries?

It is possible that the opposition to the upliftment of the Filipino businessman is caused by the blind adherence to the theory that since aliens have for centuries been dominating Philippine economy they have already acquired vested rights in this country which not even our citizens through their government may acquire. This alien domination of our economic life has disturbed our conscience for too long notwithstanding the fact that it is only a handful of aliens who have been the source of this inequity against Filipinos in their own country.

The nationalization of the import trade as contemplated by Congress is but one of the just measures that the Filipinos deserve. Without it the alien control of the wholesale, import and retail business will continue. While Filipinos themselves recognize that no amount of laws could make them better businessmen overnight, while they are conscious of the fact that success in any enterprise may be achieved only through hard work and not merely through legislative handouts, they are nevertheless right in demanding protection from their government. This is a right to which every citizen of any country in the world is entitled on matters pertaining to the economic life of the individual and the nation.

Labor-Management Relations

"Labor during the past year has made great progress, greater indeed than any similar period in our history." Thus did President Magsaysay declare in his Labor Day speech. That labor has achieved tremendous progress during the past year cannot be denied. For this we are all happy. It is also true that labor-management relations are improving due to the compromising attitude which representatives on both sides have on the whole displayed. It is necessary that harmonious relations pervade over them for the sake

of industrial peace, national tranquillity and economic progress.

Today there are more facilities for our workers than there used to be at any time during the past. The workers' fight for better working conditions and the progressive attitude and the more liberal approach which management has taken have been conducive to the greater respect for labor by management and the corresponding realization of labor's responsibility not only to capital but also to the community as a whole. A visit to our factories and workshops will show that there is an increasing number of enterprises that give better medical facilities, insurance provisions, health and social benefits, thanks to the closer understanding and improved bargaining between labor and management.

While a lot has been achieved in this direction, there still is need for training labor leaders and prospective leaders as has been pointed out by the Labor Education Center, particularly because most of the success of the labor movement depends on the quality of its leaders insofar as belief in democratic processes and the promotion of the general welfare are concerned. There is, too, the need for maintaining our membership in the International Labor Organization whose basic aim is to establish international and lasting peace based upon social justice. The Philippines is profiting from membership in ILO through services of its experts who are contributing to the improvement of vocational training, development of skills, labor inspection and others.

The increasing number of legislations both approved and pending in Congress shows the concern of our policy-making body for the welfare of the working group. Such concern does not limit itself to labor but to the encouragement and training of better workers whose improvement in skills and abilities would help not only the enterprises they are working for but also the entire community. It is certain that as the workers learn more of their rights as well as their responsibilities their legitimate needs would be met more abundantly in proportion to the prosperity and progress that the nation attains.

Reparations from Japan

The natural expectation is that the reparations payments from Japan to the Philippines would help this country

along. The settlement of reparations which has plagued both governments since the signing of the San Francisco Treaty terminating officially the war between the Allies and Japan, is most welcome. It is a big relief to both governments and their people. Now that the state of war ends between the Philippines and Japan, the two countries can look forward to normal trade and political relations.

The objective of the reparations payments is to help the Filipinos repair the damages which Japan inflicted on the Philippines during the war. While the reparations payments, \$550 million in direct reparations and \$250 million in economic development loans, represent a small fraction of the actual damage wrought by Japan in this country, there is a universal hope that these payments would assist in our program of economic expansion. The capital goods expected to flow into this country from Japan during the next twenty years could be, if properly chosen and handled, of immense help to our economy. So would the \$250 million in economic development loans stimulate activities that need low-interest bearing loans over a long period of time. If properly implemented, the reparations payments could go a long way towards promoting industry, agriculture and commerce.

However, we must sound a warning in the light of the experience of countries that have received reparations after wars. A look at the case of Germany and France with Germany forced to pay reparations to France after World War I would show that Germany emerged the stronger and more industrialized country. Why was this so? One underlying factor is that the obligation of Germany to produce more goods in order to be able to pay France created such incentives for mass production at lower costs that by the time the assembly lines started humming Germany's output was increased considerably at lower prices. Naturally even after Germany had stopped producing for payments to France its industries had been properly conditioned and its career as an exporting nation boosted considerably. The result was that the period coinciding with the payments of this réparation marked the emergence of Germany as a better industrialized country than France.

The lesson to bear in mind as far as we are concerned now that the reparations payments will begin to arrive is, that it takes more than just passively receiving goods to be able to generate the desired momentum in economic acti-

CEYLON'S EXTERNAL TRADE

Ceylon's trade surplus during the 1st quarter of 1956 was Rs. 26.3 million, a figure considerably less than that achieved during the same period of 1955, namely Rs. 177.9 million. The smaller trade surplus was the result of both a fall in export earnings and an increase in expenditure on imports. Compared with the first quarter of 1955 export earnings show a decline of Rs. 125.5 million and import expenditure an increase of Rs. 24.2 million. The trade figures are as follows:-

	1st Quarter 1955	1st Quarter 1956
Export of Ceylon merchandise	515,794	392,357
Re-export of foreign merchandise	18,295	16,169
Import of foreign merchandise	356,216	380,403
	<hr/> 177,873	<hr/> 28,123
Export of bullion and specie	—	—
Import of bullion and specie	—	1,791
Total visible balance of trade	<hr/> 177,873	<hr/> 26,332

Exports.—The low prices obtaining for tea during 1956 have been largely responsible for the lower export income. Though rubber export prices have been more favourable this year, income from this source also declined as a result of the smaller quantity exported.

The export of 85 million pounds of tea during the first quarter of this year earned only Rs. 256.7 million, Rs. 102 million less than the sum earned by 84 million pounds exported in the first quarter of 1955. The f.o.b. price of tea declined from Rs. 4.27 to Rs. 3.02 per pound over the periods under review. The United Kingdom, the U.S.A., Iraq and South Africa purchased larger quantities this year but exports to Australia and New Zealand declined substantially.

Rubber export prices improved slightly in 1956 but the quantity exported during the first quarter this year was only 37.9 million pounds as against 58.6 million pounds shipped in the corresponding period. The income from rubber consequently declined from Rs. 86.5 million during the first quarter last year to Rs. 61.4 million this year. China, West Germany and the U.S.A. took most of the rubber exported this year; purchases made by the United Kingdom declined from 12 to 5 million pounds over the period.

Copra, coconut oil and desiccated coconut have been exported in large quantities during the first three months of this year. Earnings from these exports have in most cases also been greater but, owing to a decline in f.o.b. prices, total export earnings have not risen in proportion with the increase in quantity. The rise in earnings has only been about 12% whilst the rise in quantity exported in terms of nuts has been about 28%. Almost the entire

quantity of copra went to India, and a large portion of the coconut oil exported was absorbed by Italy. The largest buyer of desiccated coconut was the United Kingdom.

In export the United Kingdom retained first place of buyers with the purchase of Rs. 106 million worth of goods (27% of total exports); the U.S.A. ranked second with Rs. 41 million and Australia third with Rs. 24 million.

Imports.—A total quantity of 1.7 million cwts. of rice was imported during the first quarter of 1956 at a cost of Rs. 50.6 million, or 34% of total food. Most supplies came from Burma. Less flour was imported during the first three months of this year and expenditure on this account was smaller. Over half of imports of flour came from Australia while the next supplier was France. More sugar was imported during the first quarter of this year, but unlike rice and flour import costs for sugar were slightly higher. The total quantity imported was about 893 thousand cwts. of which Cuba and Mauritius supplied the major portion. Piece-goods of cotton and silk cost Rs. 29 million during the first quarter of this year, roughly Rs. 4 million more than the cost incurred on this account during the first quarter of 1955. Japan was as usual the largest source of supply.

Of total import bill of Rs. 380.4 million about Rs. 82 million worth of goods (or 21% of total imports) came from U.K. India and Burma supplied goods to the value of Rs. 55.9 million and Rs. 34.8 million and ranked second and third in the list of suppliers.

External Assets.—Ceylon's external assets continued on the upward trend during the month of March and at the close recorded a height of Rs. 1,173.9 million. This figure is an improvement of Rs. 3.7 million on the position as at the end of February.

PRINCIPAL EXPORTS

		First Quarter, 1956	
		Quantity Unit	Value Rs. Mil. F.O.B. Rs. Cts. value
Tea	Mil. lbs.	84.9	256.7 8.02 per lb.
Rubber*	Mil. lbs.	37.9	61.4 1.62 "
Fresh Coconuts	Mil. nuts	1.5	.24 " nut
Copra	000 cwts.	248.2	10.2 41.10 " cwt.
Coconut Oil (raw)	000 "	364.6	20.8 55.82 "
Desiccated Coconut	000 "	259.7	12.0 46.05 "
Cocoa	000 "	16.6	2.7 163.76 "
Cinnamon Quills	000 "	7.8	2.6 336.70 "
Plumbago	000 "	51.0	1.7 82.98 "
Citronella Oil	000 lbs.	247.9	1.8 3.83 "

*Excludes Rubber latex.

PRINCIPAL IMPORTS

		First Quarter, 1956	
		Quantity Unit	Value Rs. Mil. G.I.F. Rs. Cts. value
Rice	Mil. cwts.	1.7	50.6 29.94 per cwt.
Flour (Wheat)	000	837.4	15.2 18.16 "
Sugar (Refined: other sorts)	do.	892.7	20.4 22.86 "
Cotton Piecegoods	Mil. yds.	17.1	17.8 1.04 "
Art Silk Piecegoods	do.	11.0	11.8 1.07 "
Fish (dried or cured and Maldive fish)	000 cwts.	175.8	16.2 92.20 " cwt.
Dried chillies	do.	45.2	5.4 82.21 "
Fertilisers (sulphate of ammonia)	do.	522.0	8.1 15.50 "
Motor Cars	Number	1389 ^f	7.9 5686.89 each

*Fabrics of synthetic fibres and spun glass.

vities. Our reparations commission must take care in the selection of capital goods and services which would give maximum benefits over a long period of time. While it is good to get capital goods from Japan, we should begin to think of the spare parts of machineries and equipment we will need in the years to come in order that we would not become too dependent on Japan.

It is necessary that in the midst of rejoicing over the termination of the reparations issue we take a second look if only to avoid the complacency which may follow and lead to mishandling of the capital goods we are about to receive. We must always bear in mind that these payments were intended to do good for the country and not harm in the long run.

HONGKONG SHIPPING

Ocean and River Steamers over 60 tons net Entering and Clearing the Port in May, 1956

	Entered		Cleared		Entered		Total (Jan.-May)	
	No.	Ton	No.	Ton	No.	Ton	No.	Ton
	May				Cleared			
British	198	408,039	201	417,436	1,148	2,382,912	1,141	2,355,926
American	18	103,092	19	115,456	99	558,810	98	554,205
Burmese	—	—	—	—	2	5,690	2	5,690
Cambodian	2	1,114	2	1,114	4	2,228	4	2,228
Chinese	17	5,667	17	5,801	66	19,855	66	19,988
Danish	13	42,734	16	49,440	88	285,873	89	286,540
Dutch	21	89,124	19	77,993	95	411,028	91	391,781
Finnish	—	—	—	—	2	5,309	2	5,309
French	10	29,525	10	29,400	49	163,286	45	157,137
German	4	19,671	4	19,671	21	99,047	21	99,047
Indian	—	—	—	—	4	12,278	4	12,278
Indonesian	—	—	—	—	1	4,888	—	—
Italian	1	6,586	1	6,586	4	26,342	4	26,342
Japanese	43	125,748	42	129,450	163	493,638	161	493,550
Korean	2	3,093	2	3,093	9	9,583	10	9,625
Liberian	2	4,246	3	6,369	13	27,596	13	27,596
Norwegian	37	102,871	37	104,833	169	456,691	169	456,339
Pakistan	—	—	—	—	1	4,297	2	8,603
Panamanian	9	7,021	9	8,341	55	86,336	51	85,590
Philippine	3	8,977	4	9,130	13	29,563	11	27,100
Polish	1	2,835	1	2,835	1	2,835	1	2,835
Portuguese	—	—	—	—	4	18,507	4	18,507
Ryukyu	—	—	—	—	1	853	1	853
Swedish	7	19,685	7	19,685	37	117,299	37	117,299
Turkish	—	—	—	—	1	2,291	1	2,291
Vietnamese	1	448	2	2,034	4	2,930	4	2,930
Yugoslavian	1	1,759	1	1,759	5	8,725	5	8,725
	390	982,235	397	1,010,426	2,059	5,238,690	2,037	5,178,814

HONGKONG AVIATION

Air Traffic in May, 1956

Points of Call	Departures			Arrivals		
	Passengers	Freight (Kilos)	Mail (Kilos)	Passengers	Freight (Kilos)	Mail (Kilos)
United Kingdom	152	10,566	3,404	53	12,473	6,760
Europe	242	5,569	1,070	93	4,969	799
Middle East	242	4,512	2,030	136	2,204	917
Calcutta	167	4,070	682	163	2,194	417
Rangoon	157	6,961	435	156	633	316
Bangkok	1,220	16,102	701	887	10,481	2,258
Vietnam, Cambodia & Laos	813	40,936	668	499	4,506	645
Singapore	631	16,573	6,480	557	7,404	2,894
Philippines	1,789	11,736	2,584	1,775	2,340	974
Australia	169	2,666	355	85	2,022	540
United States	268	9,539	3,553	62	3,261	2,950
Honolulu	161	497	79	41	406	81
Canada	238	878	410	44	320	259
Japan	1,803	3,867	20,686	1,925	8,947	3,761
Formosa	491	33,707	1,517	508	2,401	1,302
South Korea	54	4,237	343	80	90	212
Macau	—	6,980	—	1	—	—
Okinawa	120	6,652	165	110	345	—
Total	8,717	186,048	45,162	7,175	64,996	25,085
Direct Transit	839	25,340	—	839	25,340	—

Total Aircraft Departures = 319.

Total Aircraft Arrivals = 326.

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

(July 16—21, 1956)

U.S.\$

July	T.T. High	T.T. Low	Notes High	Notes Low
16	\$601½	600	599½	596½
17	599½	598½	596½	595½
18	598½	598½	596½	594½
19	600½	598½	597½	595
20	604	602	602½	593
21	602	600½	601½	597½

D.D. rates: High .602 Low .596½.

Trading totals: T.T. US\$3,030,000; Notes cash \$490,000, forward \$3,080,000; D.D. \$410,000. Profit taking eased the market at first but later firm-ed when the cross rate continued to fall in New York. Speculators and ex-change operators were active. In the T.T. sector, offers were absorbed by merchants and exchange operators. During last few weeks, exchange operators bought over US\$10 million in the local market. In the Notes market, business increased with wider fluctua-tions. Interest favoured sellers and aggregated HK\$4.10 per US\$1,000. Speculative positions taken averaged US\$34 million per day. In the D.D. sector, market was also active.

Yen: Some small business was transacted in forward; interest favour-

ed sellers and aggregated HK\$3.40 per Yen 100,000. Cash quotations were HK\$1,430—1,420 per Yen 100,000.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.86—1.85, Japan 0.014625—0.014575, Malaya 1.876—1.874, Vietnam 0.06536—0.06451, Thailand 0.2785—0.2762. Sales: Pesos 360,000, Yen 115 million, Malayan \$320,000, Piastra 12 million, Baht 6 million.

Agreed Merchant T.T. rates: Au-thorised banks quoted following selling and buying rates per foreign currency unit in HK\$: England 16.202—16.10, Australia 13.016—12.757, New Zealand 16.202—15.867, United States 5.818—5.735, Canada 5.948—5.861, India 1.216—1.205, Pakistan 1.218—1.204, Ceylon 1.219—1.207, Burma 1.216—1.205, Malaya 1.889—1.871; only selling rates were quoted for South Africa 16.236, Switzerland 1.333, Belgium 0.117, West Germany 1.389.

Chinese Exchange: People's Yuan notes quoted at HK\$1.60 per Yuan. Taiwan Dollar notes at HK\$157.50—156.00 per thousand, and remittances at 156—155.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 16.17—16.01, Australia 12.50, New Zealand 14.50—14.35, Egypt 15.30—15.20, South Africa 15.77—15.76, India 1.1925—1.19, Pakistan 0.82—0.81, Ceylon 1.00—0.98, Burma 0.525—0.515, Malaya 1.834, Canada 6.075—6.0225, Cuba 4.80, Philippines 1.9325—1.915, Switzer-land 1.37—1.35, West Germany 1.37, Italy 0.0093, Belgium 0.105, Sweden 1.00, Norway 0.70, Denmark 0.77, Netherlands 1.43, France 0.01475—0.0145, Vietnam 0.0685—0.066, Laos 0.75—0.73, Cambodia 0.079—0.0755, Sandakan 1.50, Indonesia 0.184—0.18, Thailand 0.274—0.271, Macau 0.997.

GOLD MARKET

July	High .945	Low .945	Macau .99
16	\$280%	259½	
17	259%	259½	
18	259%	258%	Low 268½
19	260%	259%	
20	262%	260%	271½ High
21	261½	260	

The opening and closing prices were 260½ and 260½, and the highest and lowest 262½ and 258½. The market followed the fluctuation of US\$ ex-change rates. Interest favoured sellers and aggregated HK\$1.68 per 10 taels of .945 fine. Tradings averaged 10,300 taels per day and amounted to 61,800 taels for the week, in which 18,510 taels were actual deliveries. (8,010 taels listed and 10,500 taels arranged). Speculative positions averaged 33,500

taels per day. Imports were all from Macau and totalled 12,000 taels. Ex-ports amounted to 11,000 taels (7,000 taels to Singapore, 2,500 taels to Indonesia, 1,500 taels to Rangoon, and 1,000 taels to Korea). Differences paid for local and Macau .99 fine were HK\$12.50—12.30 and 11.80—11.40 respectively per tael of .945 fine. Cross rates were US\$37.90—37.88; 24,000 fine ounces were contracted at 37.90 C.L.F. Macau. US double eagle old and new coins quoted at HK\$265 and 226 respectively per coin, and Mexican gold coins at 280—276.50 per coin.

Silver Market: The market was quiet. 200 taels of bar silver were traded at HK\$5.95 per tael, 500 \$ coins at HK\$3.80 per coin, and 20 cent coins quoted at HK\$2.90 per 5 coins.

HONGKONG SHARE MARKET

(July 9—20, 1956)

Trading was very active during the fortnight. Prices advanced. The weekly turnover improved to \$4.41 million for the first week and to \$5.93 m. the second. Yaumatis enjoyed very strong demand after Government had shelved the tunnel and the bridge project; price climbed from 109 up to 116 but profit taking later eased it to 114. Star Ferries registered more en-quiries than orders; buying offers increased from 136 to 141 but sellers wanted 144. Telephones retained strong demand throughout the fort-night and gained \$1.10. Other utilities were also popular and prices firm. Watsons gained \$1.30 during the first week but lost 50c in the second. Cement registered a steady rise from 35.50 to 37.50. Allied Investors lost 35c on the report that the Company was meeting difficulty in the disposal of Gas Company shares. Wheelocks lost 10c during the first week but re-covered 5c in the second when over 20,000 shares were transacted in one day at the lowest price of 9.15. Union Ins. lacked sellers when buyers offered 980; only about 30 shares transacted during the fortnight at 990. Banks fluctuated between 1,690 and 1,700; closed firm last weekend. Lands and Hotels enjoyed strong demand and gains. Provident fluctuated between 14.40 and 14.60; Dock improved by 1.50; and Wharves gained \$2. Humphreys suddenly advanced from 17.10 to 20.20 on the report that a land sale in Kowloon netted \$5 m. Amal Rubbers moved between 1.475 and 1.525 with over 113,000 shares changing hands. On the whole, prices were firmer in the second week than the first. Fluctuations during the fort-night were;

Shares	July 6	Rates During July 9-20			Ups & Downs
		Highest	Lowest	Closing	
HK Bank	1700 s	1700	1685 b	1700 s	Firm
Union Ins.	980	990	980 b	985 b	+\$5
Wheelock	9.40	9.40	9.15	9.35	-5¢
HK Wharf	90 b	93 s	89	92 b	+\$2
HK Dock	41	42.50 s	41	42.50 s	+\$1.50
Provident	14.40	14.60	14.40	14.60	+20¢
Land	65	67.50	65	67	+\$2
Realty	1.475	1.50	1.475	1.50	+2½¢
Humphreys	17.10 n	20.20	17.10 b	19.90	+\$2.80
Hotel	14.60	15.30	14.50	15.30	+\$7¢
Trams	23.90	24.70	23.90	24.60	+\$7¢
Star Ferry	139 s	144 s	136 b	144 s	+\$5
Yaumati	109	116	109	114	+\$5
Light (o)	24.90	25.20	24.70	24.90	Firm
Light (n)	21.90	22.40	21.90	22.40	+\$5¢
Electric	31.75	32.50	31.50	32.25	+\$5¢
Telephone	24.90	26.18	25	26	+\$1.10
Cement	35.50	37.50	35.50	37.50	+\$2
Dairy Farm	16.60	16.70	16.40	16.60	Firm
Watson	11.70 b	13	12	12.50	+\$5¢
Yangtze	7 b	7.10 s	6.95	7.05 n	Steady
Allied Investor	5.70	5.45	5.25 b	5.35	-35¢
HK & FE Invest.	11.40 s	11.40	11.10 b	11.40 s	Steady
Amal. Rubber	1.50 s	1.525	1.475	1.525 s	+2½¢
Textile	5.80	5.80	XAU 4.65	XAU 4.80	Steady
Nanyang	7.55 b	7.70	7.50 b	7.70	+15¢

Monday (July 9): The market was steady with prices well maintained. Telephones were in good demand with approximately 13,500 shares changing hands at \$25. Watsons showed some improvement and closed with unsatisfied buyers at \$12.20. The turnover for the day amounted to \$1.04 million. **Tuesday:** Trading was moderate and price changes few and small. The undertone remained steady. The turnover amounted to \$560,000. **Wednesday:** The market ruled steady with business on a light scale. The turnover amounted to \$450,000. Yaumati Ferries marked up to \$114. Watsons, Cements and Telephones tacked on fractional gains. **Thursday:** Business was on a fair scale and prices steady. H.K. Lands moved fractionally higher; Watsons further advanced; but Yaumati yielded to light scale profit-taking. The turnover amounted to \$850,000. **Friday:** Fresh buying enquiry stimulated advances on a wide front. Utilities were active and firmer. Lands and Watsons tacked on further gains. Docks and Wharves were steadier. The day's turnover amounted to \$1.51 million.

Monday (July 16): Following last week's closing trend, the market was buoyant. H.K. Banks were in good demand with 130 shares changing hands at \$1,700. Utilities were firm tacking on small gains. Cements and Docks were well supported at higher levels. The volume of business transacted amounted to \$1.88 m. **Tuesday:** The market ruled steady. Utilities were again active with Telephones and Electrics attracting most attention. Cements were also firmer. Wharves were marked up to \$91 buyers but no scrip was offering. The volume of business amounted to \$1.64 m. **Wednesday:** The market turned dull. Price changes were negligible. The turnover amounted to \$450,000. **Thursday:** The market took on a more cheerful note and the volume of business amounted to \$1.41 m. There was a good demand for Humphreys which marked up to \$20 on rumours of a property sale by the Company.

Wheelocks were also active and yielded slight ground but found support at the lower levels. Utilities were steady. Ropes had 6,000 shares changing hands at \$13.10. The undertone was steady. **Friday:** The market ruled steady on the closing day. Business amounted to \$1.05 m. Cements and Hotels registered further gains, while Wheelocks recovered previous losses.

DIVIDEND

The Hongkong & Far Eastern Investment Company Limited announced a dividend of \$0.75 per share for the financial year ended 30th June, 1956.

HONGKONG STOCK EXCHANGE IN JUNE

An active market ruled after a quiet opening with marked increases in the daily volume of business. Yaumati shares were inclined to sag pending publication of the Inter-Departmental Committee's report on the proposed cross-harbour tunnel. After issue of the report, a demand set in for shares in both Ferry Companies, but this fell off when a scheme to span the harbour by bridge was advocated. A short lull followed publication of the plan, but buyers were again soon in the market for these and other Utility Shares. Early in the month Kowloon Wharf shares attracted attention, and after reaching \$98, buyers lowered their bids. Allied Investors caught the public fancy and rose from \$5.25 to \$5.90. The market closed steady.

Banks & Insurances: Only a moderate business was reported in Hongkong & Shanghai Bank shares. Lombards were enquired for at the lowered rates and a fair number of shares changed hands. Unions attracted attention at slightly improved rates. **Investment Companies:** Allied shares were in the lead and active trading reported, with trading on a moderate scale in Yangtzses and Hongkong & Far East. Shipping: Wheelocks were active at improved rates with Eastern Asia

Navigation recording only a fair volume of business. Union Water-boats were dealt in at improving prices. Docks & Wharves: Kowloon Wharf and Dock shares were again active in this group and shares changed hands at varying rates. **Lands & Hotels:** A brisk demand for Hongkong Hotels sent the price up and a large number of shares changed hands. Buyers were compelled to increase their bids for Hongkong Lands which closed higher than the opening rate for the month. A large number of Hongkong Realities changed hands at various rates. There was a falling off in the demand for Shanghai Lands. **Public Utilities:** Activity was most marked in this section and price increases recorded. **Industrials:** Trading upon a moderate scale at improved prices was reported. **Stores:** There was little demand for shares in this group but Dairy Farms showed a little activity at improved rates. **Cottons:** Light scale trading took place in this section. **Rubbers:** Amalgamated and Rubber Trust were dealt in fairly heavily at various rates, influenced by the price of the commodity which improved as the month progressed.

Dividend announcements were made by Allied Investors Corporation Ltd., Chinese Estates Ltd., Hongkong Electric Co., Ltd. and Lane Crawford Ltd.

Business reported in June: \$23,379,-243. Business reported in 1955: \$333,-189,500. Business during Jan.-June 1956: \$110,350,463. Business reported June, 1955: \$27,425,512.

BUSINESS DURING JUNE

	Qty. of Shares
H.K. Govt. Loan 3 1/4% (1948) ..	\$266,000
H.K. Bank ..	694
Bank of East Asia ..	40
Lombard Insurance ..	2,925
Union Insurance ..	665
China Underwriters ..	2,000
Allied Investors ..	61,800
Yangtze ..	14,183
H.K. & Far East Inv. ..	6,400
Union Waterboats (O) ..	500
(N) ..	750
Asia Navigation ..	16,300
Wheelock Marden ..	129,768
Wharf Co. ..	6,248
C. Providents' ..	37,080
H.K. Docks ..	36,587
H.K. Mines ..	10,000
H.K. & S. Hotels ..	65,877
H.K. Lands ..	16,454
Shanghai Lands ..	13,090
Humphreys ..	142
Realty ..	175,000
H.K. Trams ..	49,666
Star Ferry ..	875
Yaumati Ferry ..	7,013
China Lights (F. Pd.) ..	84,170
(P. Pd.) ..	25,854
H.K. Electric ..	49,295
" (Bonus) ..	12,292
" (Rights) ..	21,622
Sandakan Light ..	1,000
Telephones ..	84,406
" (Rts) ..	100,390
Caldbeck (Ord.) ..	3,436
Cements ..	36,630
Ropes ..	1,000
Metal Industries ..	9,400
Dairy Farms ..	34,879
Watson ..	14,654
Sincere ..	500
China Emporium ..	450
China Entertainment ..	600
Construction ..	2,000
Textiles ..	32,500
Nanyang Mill ..	6,500

HONGKONG AND FAR EASTERN TRADE REPORTS

(July 8—21, 1956)

The pending increase in freight rates along almost every shipping route forced up the cost of imports from Japan, Europe, U.K. and U.S. Dealers here were therefore discouraged from booking new orders. Commodity prices in the local market were firm in spite of the slow down in trading during the fortnight. Cargo movements were very active along various lines.

China Trade: Peking bought 100 tractors from UK as samples and promised that big orders would follow if these tractors were suitable. Early this year another sample order was placed with UK for 60 tractors. UK businessmen are confident that they will get more orders from China for industrial and agricultural equipment. At the recent Commonwealth Prime Ministers' Conference, there was unanimous agreement that the embargo should go or at any rate there should be no discrimination between China and other communist countries to which a much shorter embargo list is applicable. From France, China bought US\$7 million worth of wool tops, textiles, watches and instruments and machinery not covered by the China embargo. In Peking, Chinese officials concluded with Austrian businessmen contracts worth US\$15 million covering soya beans and other grains from China in exchange for Austrian scientific instruments, electrical equipment, fertilisers and machinery. In Amsterdam, Peking delegates were promoting more trade. To Pakistan China sold 60,000 metric tons of rice and offered a gift of 4,000 tons of rice. Karachi announced that the Government had accepted the gift with "profound gratitude." Under barter arrangements, China sold to Japan 30,000 tons of high-quality rice at US\$132 and 10,000 tons of Kwangtung rice at \$114 per ton fob. China would import in exchange, Japanese chemical fertilizer, cement, and industrial equipment. China is importing Japanese cement under barter to meet the shortage of cement in China while exporting Chinese cement to HK and Far East to earn foreign exchange. To Syria, Peking sold 1,200 kilos of raw silk; first consignment will be shipped this month. In the local market, Peking manipulated supplies of various staples to stimulate prices. As a result of the curtailed supply of live hogs, poultry and vegetables from China, prices here advanced considerably since mid-June. When price had gone up, Peking sent here over 3,000 heads of live hogs and

large numbers of chickens and ducks; supply of eggs also resumed. One steamer brought here 175 tons of frozen pork from Tientsin. 3,000 tons of coal reached here from North China and over 10,000 cubic feet of sawn timber from South China. In addition to these, Peking shipped here substantial quantities of groundnut kernel, textiles, newsprint, chinaware, tea, garlic and other staples. China produce transhipped here included 1,000 tons of bed sheets, iron wire nails, etc. to Singapore; 1,000 tons of garlic and other staples to Indonesia; large quantities of mustard seed, bristle, hide, silk piece goods, groundnut kernel, beans and silk waste to Japan; chinaware, textiles, metals, paper, dried chilli, and canned food to Burma; dried ginger to West Germany; walnut meat to Australia; and beans to North Borneo. From HK, China made only selective purchases and the quantity remained insignificant. One order covered 30 British Vanguards and 11 German Mercedes Benz cars delivered across the border last Saturday.

Taiwan Trade: Taipei reported a favourable trade balance in the first half 1956 of more than US\$8.6 million; exports totalled \$69.8 m. and imports \$61.2 m. Taiwan trade missions will visit countries in Asia in September; one mission will visit Thailand, Vietnam, Cambodia, Laos, the Philippines, Singapore, Hongkong and Indonesia while the other will visit Japan, Korea and also HK. Taipei also announced that Taiwan would boycott all dealings with foreign firms, including Japanese, which do business with Peking. Contracts for car tyres from Italy recently went to firms which had not traded with Peking. The Central Trust of Taiwan asked several Japanese firms to submit written guarantees against doing business with Communist China. To HK, Taiwan increased her exports including 900 tons of coal, 200 tons of sugar, 250 heads of live hogs and substantial quantities of garlic, starch, feathers, tea, citronella oil, camphor tablets, and fruits. Shipments from here to Taiwan consisted of limited quantities of paper, industrial chemicals, pharmaceuticals, metals, dyestuff, and foodstuff.

Japan Trade: Due to her recent heavy exports of metals and rayon yarn, Japan is now suffering from serious shortage of these items. To meet the demand of her shipbuilding and other industries, Tokyo recently bought 17,000 tons of steel plate from Australia and in addition, earmarked US\$27.65 m. for imports of 200,000 tons of steel plate. Trade between China and Japan continued to be done within the framework of the agreement signed last year providing for each way trade worth £30 m. During the first six months this year Japan exported

£8,665 m. worth of goods and imported £13,087 m. from China. Meanwhile, Japanese representatives were discussing in Peking, the purchase of Chinese iron ore and Kailan coal. One Japanese firm recently sold to Peking, 30,000 men's wrist watches valued at US\$168,000. The contract calls for delivery of 5,000 watches months starting October and ending March 1957. With Djakarta, Tokyo was negotiating the processing of US cotton into yarn and piecegoods, valued at US\$11.5 million, for Indonesia. With India, Japan will establish a joint research committee on economic cooperation. An economic adviser to the Japanese Government visited Singapore and stated that Japan would buy more rubber from Malaya but he did not reveal how Japan would increase economic cooperation with Malaya. He, however, said that his tour of SE Asia indicated that Japan was paying more attention to Asian countries than did the Western World. From HK, Japan continued to procure large quantities of scrap iron and steady supply of various China produce. Over 3,000 tons of scrap iron were shipped from here to Japan during the fortnight. Among other exports to Japan were beans, rosin, woodoil, hide and skins, silk waste, cotton waste, sesame and talcum powder. Imports from Japan remained active and included over 4,000 tons of cement, 400 tons of metals and large quantities of textiles, seafood, industrial chemicals and sundries. Transhipments of Japanese goods to SE Asia remained active and included several consignments of paper and machinery to Bangkok.

Korea Trade: Importers in Seoul sent here more enquiries and informed local dealers that authorities there were considering to allocate more foreign exchange for various imports to curb price advances in Korea. Items enquired for included white shirting, paper, industrial chemicals, pharmaceuticals, rayon and cotton textiles, and foodstuffs. However, due to low buying offers and delays in the arrival of L/Cs, only a limited volume of business was concluded. Meanwhile more goods previously shipped to Korea under D/P terms returned here including 50 cases of cotton piecegoods, 50 bales of cotton yarn, 50 bales of paper and some pharmaceuticals.

Indonesia Trade: Indonesia's procurement from the local market failed to improve. Djakarta denied the report that Indonesia's foreign exchange reserve had further dwindled and explained that curtailment in imports was limited to luxuries. Shipments from here to Djakarta amounted to about 1,000 tons and included rosin, textiles, enamelware, vacuum flasks, hurricane lanterns, aluminium ware, garlic, textile machinery, leather goods, torch and torch batteries. Djakarta also resumed the import of wheat flour but no order reached here. Through local dealers, Djakarta booked over 3,000 tons of cement and metals from Japan.

Rubber	Qty. of Shares
Amalgamated Rubber	1,020,269
Ayer Tawah	36,880
Java-Consolidated	16,264
Rubber Trust	198,424
S'hai Kelantan	3,000
Sungala	25

Thailand Trade: Thai Economic Minister came here to study business conditions and discuss the promotion of trade between Thailand and HK. Meanwhile, tight money situation in Bangkok discouraged importers there to book too much supplies from here. One enquiry reached here was for several thousand sheets of Japanese cotton blankets but no transaction was concluded. Exports from here to Thailand during the fortnight did not even reach the 1,000-ton mark. HK manufactured goods constituted the major portion of these shipments. On the other hand, large volume of Thai exports reached here including 600 heads of live cattle, about 2,000 tons of rice, 382 bags of green peas and substantial quantities of feathers, starch, groundnut, soya bean, teak logs and squares. On trade with China, authorities in Bangkok announced that all imports with prices competitive enough will be welcomed regardless of their origins. Bangkok also stated that (1) the Thai authorities' intention in relaxing restrictions on trade with China was primarily for the purpose of seeking outlets for Thai produce but items allowed to be shipped to China would still be limited to non-strategic goods, (2) the authorities had so far received very few applications for exports to China, (3) Chinese exports were still transhipped through HK and no direct trade relation had yet been established between these two countries though direct shipments would cut down the cost of China produce.

Malaya & Singapore: The advance party of a 60-member Singapore trade delegation to Japan and China arrived here last week but declined to speak about their mission. In Singapore, the organiser of the delegation, Mr. Yap Pheng-gek, stated that the mission hoped to establish business connections worth S\$500 million a year with China alone. Singapore is now doing S\$120 million business with China every year and Mr. Yap pointed out that if China would buy rubber from Singapore this figure of \$500 m. is a practical goal. China, however, had still not shown interest in buying rubber from Singapore. On the other hand a shipment of 3,998 tons of coal from Chinwangtiao reached Singapore. The Federation of Malaya will also send a 30-member trade mission to China to sell rubber. Meanwhile China was planning to participate in Singapore's Trade and Industries Fair. Chinese products to be exhibited will include pianos, radios, fonograf, typewriters, engraving machines, duplicating machines, textiles, chemicals, cosmetics, tobacco, alcohol, canned goods, building materials and industrial machinery. Several Singapore importers already ordered trial shipments of Chinese wireless sets. Cargo movements between HK and Singapore and Penang remained active. HK exports included fresh eggs, red chilli, tooth brush, dried and preserved fruits, aluminium ware, torch, towel, garlic, beans, groundnut oil, rayon and cotton

textiles, toys, furnitures, and sundries. HK imports consisted mostly of firewood, charcoal, rubber, tin ingot, feathers, copper scrap, sawn timber, coconut oil and sea shells.

The Philippines: HK-Philippine trade remained slow. It was rumoured that authorities there might suspend barter trade with HK. This will further curtail the volume of trade between HK and the Philippines which during past six months consisted mostly of barter transactions. Manila reported that Philippine barter trade with HK rose sharply during the first five months this year and narrowed Manila's unfavorable trade balance with HK to HK\$6.4 m. from more than HK\$21 m. in the corresponding period last year. The deficit was reduced by heavy shipments of Philippine mango to HK in addition to considerable quantities of sugar, rice bran, lumber, charcoal and salt. HK exports consisted mainly of cotton yarn, piecegoods, Chinese medicines and hardware. In her trade with Japan, the Philippines had a favourable trade balance of US\$115.4 m. at the end of June. Philippine exports to Japan consisted of lumber, abaca, copper, iron ore, scrap iron, etc. Chief Japanese exports included steel bars, galvanized iron sheets, textiles, machinery and spare parts, plumbing equipment, trucks and car spare parts.

Vietnam, Cambodia and Laos: Exports from here to these states included purchases made with US aid funds and orders financed with exchange earned from shipments of staples to HK. Importers in Pnompenh also bought from here 10 refrigerators with self-provided foreign exchange. Shipments from here to Pnompenh included 3,000 bags of wheat flour, 100 bales of cotton yarn and 200 cases of piecegoods. Pnompenh sent here over 500 tons of staples including sesame, cotton, lotus seed and maize. Saigon bought substantial quantities of torch, paper, cement, wheat flour, fruit, garlic, dried chilli, potato and other foodstuff. Imports from Saigon consisted of 100 tons of scrap iron, 500 tons of salt and 3,000 bags of maize. Exports to Laos were included in shipments to Cambodia. North Vietnam almost stopped buying anything from HK but continued to ship here staples including 920 pkgs of tea, 45 drums of aniseed oil, 300 crates of potato, 50 bales of mushrooms, 90 bales of castor seed and 1,000 bags of maize.

India & Pakistan: India sent here more orders for torch but other purchases showed no improvements. Among goods shipped to India were cassia lignea, firecrackers, galangal, fibre board, rayon yarn and torch. Local dealers did not book any Indian cotton yarn or cloth but ordered some shellac. From Pakistan, dealers here booked more cotton yarn. 1,300 bales of cotton reached here during the fortnight. HK sent to Karachi torch batteries, aluminiumware, enamelware, wrist watch band, cassia lignea, torch and fonograf needles.

Burma Trade: Exports from here to Burma consisted mostly of wheat flour and other foodstuff, old newspapers and canned goods. China's exports to Burma transhipped here during the period exceeded 2,000 tons. In Rangoon, Chinese representatives and Burmese officials signed a contract for the export of Chinese textile machinery to Burma; China will supply complete set of equipment comprising 21,632 spindles and 196 automatic looms as well as auxiliary equipment. Payment will be made under the protocol for the exchange of Burmese rice and Chinese exports for 1955-56.

Ceylon Trade: Colombo sent here more orders for textiles, enamelware, shirt, plastic products, dried chilli, green peas, garlic and hurricane lantern. HK imported from Ceylon only insignificant volume of tea and coconut.

Europe Trade: Cargo movements between HK and European ports remained active because traders at both ends were rushing shipments before September 1, the date on which freight rates will be increased by about 15%. These shipments included cargoes from here to Africa via European ports. In exports to European markets, HK manufactured cotton textiles, shirts, rubber footwear and enamelware constituted the major portion. Europe shipped here over 1,500 tons of fertilizers, 1,100 tons of metals, 265 tons tons of paper, 400 tons of industrial chemicals, and large quantities of window glass, dairy products and other foodstuff, leather, textiles, photo supplies, sundries and other consumer goods.

Ryukyu, North Borneo and Australia: Exports to Ryukyu were insignificant in volume but steady throughout the fortnight and included 500 tons of wheat flour, biscuit, dairy products and leather shoes. North Borneo sent here about 3,000 tons of timber and bought from local market substantial quantities of cement and other building materials. Dealers here booked over \$10 m. imports from Australia; frozen meat constituted the major portion of the purchase. During the fortnight about 1,000 tons of Australian dairy products, wheat flour, fruit, wool and frozen meat reached here. HK sent in return, woodoil, textiles, gloves, rattan furniture, vacuum flask, torch and embroideries.

Exports to Africa: About 4,000 tons of exports, consisting chiefly of HK manufactures, were shipped from here to Africa. Towards end of the fortnight, shipments slowed down because dealers here were afraid that too heavy a rush of goods to African markets might cause prices there to drop. This would start a chain reaction whereby importers there would suffer unexpected losses and therefore refuse to take delivery of goods sent there on D/P terms; HK exporters would then find their consignments stuck in African ports. Banks here are now discouraging D/P shipments to Africa.

Trade with U.K.: Cargo movements between HK and UK remained very active; HK exported over 6,500 tons consisting chiefly of HK manufactured grey cloth, towel, table cloth, khaki shirts, rubber footwear, woollen gloves, etc.; UK shipped here large quantities of woollen textiles, pharmaceuticals, wine and liqueur, metals and industrial chemicals. New bookings by local dealers included metals and winter consumer goods. Orders from UK covered rubber footwear, sportswear, gloves, woollen jersey, shirt and cloth.

U.S. and South America: Department of Commerce & Industry is now issuing "Commercial Sample" certificates to cover commercial samples to US not exceeding US\$20. Exports to US improved considerably; over 1,000 tons of torch, gloves, plastic products, enamelware, graphite, toys, tea, umbrella ribs, citronella oil and cotton waste were shipped out. Shipments of rattan furniture to US slowed down. Imports from US remained active and consisted chiefly of foodstuff, fruits and consumer goods.

Freight Rates: Following the announcement by various companies of the increase in freight rates as from September 1 for HK-Europe, HK-US, HK-UK, and HK Japan routes; rates for HK-Persian Gulf ports, HK-Indonesia, HK-Singapore and HK-Penang routes will also be hiked.

China Produce: Trading remained active and prices steady. Supply of various items from China was uncertain but those from SE Asia were regular though limited in quantity. Garlic was very popular throughout the fortnight with orders from Singapore, Malaya, Vietnam, Cambodia, Indonesia and Ceylon; price firmed. Cassia lignea was favoured by India, Pakistan, Middle East, Europe and Ceylon; over 10,000 bales were shipped to India and Pakistan during the period but price failed to improve because supply was abundant. Canada ordered some unscraped cassia. Maize and sesame were still wanted by Japan but heavy arrival and selling pressure depressed prices. Mustard seed failed to improve on enquiries from Korea and South Vietnam because the volume involved was insignificant while Japan bought 800 tons direct from China. Groundnut kernel of Philippine origin enjoyed steady local demand; price firmed when Singapore also bought from the local market. Groundnut oil of African origin declined under heavy arrival and stock but towards last weekend orders from Singapore rescued it from further drop; Indian products steady on short stock, Chinese and Thai oils firm on local demand. Woodoil was depressed by low buying offers from Europe; the quotation China sent to Europe was lower than that to the local market. Raw silk improved on steady local demand and orders from Europe especially when supply from China was restricted. HK processed feathers retained steady demand from Europe but price was

depressed by selling pressure developed from heavy arrival of supply from North Vietnam, Taiwan and Thailand. Tea registered a sudden drop when Taiwan marked down new indents as a result of the general decline in the international market. Fresh hen eggs eased from recent hike when new supply arrived. Bamboo stick registered sales to UK, North Europe and Japan; over 2,000 bales were exported during the fortnight. Soya bean eased in spite of the steady local demand because Thai indents were marked down. Green peas from North China retained steady local demand; cost of Thai products was marked down but local quotations remained steady on orders from India, Japan, Singapore and Taiwan.

Paper: Trading was limited to selective demand from various sources. Prices were firm because (1) stocks of popular items were low, (2) supply of US goods particularly newsprint was difficult to get, (3) supply from Norway was handicapped by paper workers' strike there, (4) cost of Japanese and Chinese paper also advanced. Dealers here were slow in booking new supply from US and Europe. Korea's buying offers for newsprint were increased to meet the rising market; as a result, over 800 tons of newsprint in reel were sold to Seoul. Newsprint in ream was favoured by Thailand and local printers. Woodfree printing registered sales of 2,500 reams to Korea, 3,000 reams to South Vietnam, 1,200 reams to Cambodia and 800 reams to Thailand. Korea also purchased m.g. white sulphite, unglazed kraft, tissue, transparent cellulose paper and aluminium foil. South Vietnam was also interested in m.g. white sulphite, m.g. ribbed kraft and cigarette paper; Thailand in poster, unglazed kraft and glassine. Local demand for various popular items remained steady. On the whole Korea bought US and European goods while local retailers and SE Asia preferred Chinese and Japanese products.

Metal: Large quantities of metals arrived from UK, France and Belgium; mild steel round bars alone totalled 3,000 tons during the fortnight. There were also substantial imports from US and Japan. More arrival from various sources was expected. Prices were very firm on account of the pending increase in freight as from September 1 and advance in cost. Dealers booked more Dutch and Italian products which were cheaper when compared with increased cost of goods from other sources. Trading in the local market was limited to local demand for structural steel and factory supplies as well as selective demand from SE Asia and China for a few popular items: China bought black plate and mild steel round bars; Thailand favoured mild steel plate and copper sheet; Taiwan purchased zinc ingot; while Vietnam, Cambodia and Africa interested in mild steel round bars. Cost of galvanized iron sheet went up but quotation in the local market failed to improve because SE

Asia procured their supplies direct from Japan. During the fortnight, about 3,000 tons of iron scrap were shipped to Japan but new booking slowed down because Tokyo had turned to South America for supplies.

Industrial Chemicals: Chinese caustic soda, soda ash, zinc oxide and glycerine were favoured by local factories while Taiwan bought petrodatum, paraffin wax, shellac, lithopone, stearic acid and sodium nitrate. Thailand was only interested in glycerine and China in sodium cyanide. Prices in general were firm on account of the increased cost of most popular items. Dealers here were discouraged from booking new supplies by indent advances because local market prices failed to catch up with the cost.

Pharmaceuticals: Trading was active but the volume of business limited because demand from Taiwan, India and SE Asia was spasmodic and selective. In spite of the pending increase in freight charges, indents from Japan and Europe were marked down in keen competition. Taiwan bought quinine powders, sodium salicylate, ferri ammonium citrate and atophan tablets; Singapore purchased quinine tablets, dihydrostreptomycin, santonin crystal, elbon powder and androstan ampoule; Vietnam favoured ascorbic acid and santonin crystal; China was interested in dihydrostreptomycin, PAS powder, caffeine alkaloid and amidopyrin; and India in PAS powder, atophan tablets and veramon tablets.

Yarns and Piecegoods: HK cotton yarn of 10 counts remained steady on local demand but 20's declined under keen competition from Pakistan yarn which continued to reach here in large shipments at marked-down cost. Indian yarn remained steady on short stock but Japanese products were weak. Japanese fibre yarn was kept steady by orders from Thailand. HK grey cloth was firm on orders from UK, New Zealand and Australia. Indonesia bought only limited quantity of HK drills because most of her requirement was obtained direct from Japan and China; Thailand bought direct from Japan. HK white shirting was favoured by Korea. Chinese silk piecegoods attracted many orders from Middle East, India and Europe; dealers here booked more supply from Shanghai.

Rice: Trading remained normal. Prices firm in spite of large stock and new arrival from Thailand and Burma—Thai indents again marked up because farmers there wanted higher price after Japan and Europe had ordered large quantities from Bangkok. Chinese rice enjoyed steady local demand but price also advanced. The arrival of 4,000 tons of US relief rice did not help to keep prices down. HK New Territories products were also marked up because of the recent bad crop.

Wheat Flour: Trading was slow but prices firm on increased US and Canadian indents. HK products also gained.

Sugar: Taiwan sugar was first depressed by heavy arrival but later hardened when it was reported that new supply would be restricted on account of Taiwan's heavy commitment with Japan and other buyers. Taikoo sugar was marked down by 50 cents per picul. Philippine brown sugar arrived in large quantities but price was firm because China purchased 500 tons from here. Japanese sugar enjoyed steady local demand; price firm.

Cement: Over 4,000 tons of cement reached here from Japan during the fortnight; price firm at HK\$116 per ton because local consumption remained high. Export of Japanese cement from here to SE Asia slowed down because these countries obtained their supplies direct from Japan. China continued to send here small shipments of cement in spite of the fact that she had to buy cement from Japan to meet her domestic demand; price remained at \$115 per ton; \$1 cheaper than Japanese cement. Green Island cement enjoyed steady demand from North Borneo.

Hongkong Products: Department of Commerce & Industry announced that all firms purchasing animal hides from the Government Slaughterhouses for exports to Japan under the Letter of Support procedure must request the authorities to brand these hides at time of slaughter. D.C. & I. also reported that preparations had been made for HK's participation in the Frankfurt International Autumn Fair to be held from September 2 to 6. The space booked totalled 1,900 square feet and a representative range of HK products would be displayed. HK made rattan furniture which has been enjoying a steady demand from US is now also favoured by Canada and UK. HK plasticware is commanding growing demand from SE Asia, Africa and Middle East. Africa also ordered HK made aluminiumware. Demand from Indonesia for hurricane lanterns was retained in spite of Djakarta's cut in imports from here. HK woollen gloves are now cheaper than Japanese products; US are now buying large quantities from here instead of from Japan. Demand for gloves from UK and Europe remained strong. On the other hand, exports of torch batteries, hats and knitted underwears declined as a result of import restrictions imposed by some countries in SE Asia and keen competition from Japan and China in these markets.

AUSTRIA-CHINA TRADE AND GENERAL PROSPECTS

Dr. F. J. Haslinger, the leading member of the first group of Austrian industrialists and businessmen to visit China since 1949, said: "As China develops its science and industry, it will need much more microscopes and other scientific instruments." The Austrian mission has concluded contracts with Peking worth several million pounds sterling and more are being negotiated.

"These are the biggest export arrangements ever made from Austria with Chinese concerns," said Dr. Haslinger who is Chairman of the Association of Austrian Industrialists and Vice-Chairman of the Bureau for East-West Trade of Austria. "We have also established regular business contacts with Chinese import and export organisations and found that there is big room for expansion of trade between the two countries. Our talks have been most friendly and businesslike," he said. Professor Dobretsberger, Chairman of the Bureau for East-West Trade of Austria and a member of the mission, expressed that China's industrialisation programme would enable her to absorb more capital and consumer goods from other countries. Big demand for heavy duty trucks and other motor vehicles in China was predicted by Mr. Claudius R. Walter, of the Steyr-Daimler-Puch-Aktiengesellschaft. He concluded a trial contract to sell 100 heavy duty trucks to China to test their suitability for road conditions. "If they turn out to be satisfactory bigger orders may be placed with my firm," he said. Dr. Wilhelm Hawlik, Sales Director of the Oesterreichische Stickstoffwerke Aktiengesellschaft, said he sold 150,000 tons of nitrogen fertiliser, for which he saw an ever increasing demand as China raised its agricultural output. Mr. Johann Mike of Maschinenfabrik Heid Aktiengesellschaft, sold China 92 specialised lathes.

The Austrian industrialists, 24 of them, were most satisfied with the businesslike attitude of the Chinese. They look forward to expanded trade. They also arranged for some purchases from China though Austria has not much need for produce which China can ship; but as Austria's entrepot trade is rising the last few years and Vienna is now transhipping to European countries and overseas, Austria can buy from China all kind of produce for onward shipments.

The current trade contracts between Vienna and Peking are an indication of trade possibilities between China and European states. Prices are determining contracts; as Austria can and does produce high quality industrial goods at lower prices than most other European competitors, she is bound to benefit from overseas orders such as those placed by China. The trend of China-Europe trade is also significant in this connection. More business with non-communist countries is to be expected which is no matter of surprise if one knows how highly satisfactory are the products of western European countries as compared with those of the eastern section including Russia.

It would seem that Peking is realising the undesirability of relying commercially and industrially on Russia though politically this dependence is necessary unless a step is being taken in China similar to the one which Yugoslavia had taken when Stalin tried to coerce her into a dependency. China's

leaders are sensible enough to realise what it means to be chained to the 'less advanced' countries of the West—and that Russia is 'less advanced' nobody who has been to Moscow and to the centres of Russia of today would fail to notice. The Chinese leaders have been to Moscow and they have seen how relatively backward that country is, and they should wish to make a change over to the fully advanced western countries including the US which country is, and will remain, the undisputed leader of technical and scientific progress in our age and in several generations to come.

HONGKONG COMPANY INCORPORATIONS

The following new private companies were incorporated in Hongkong during the period from May 21 to June 30, 1956:

Ferchemicals Limited: Nominal Capital, \$100,000; Registered Office, Alexandra House, Hongkong; Subscribers—Paola Franci, 4 Piazza Cardinal Ferrari, Milano, Italia, Merchant; H. J. Armstrong, 561 The Peak, Hongkong, Solicitor.

Leung Tai Kee Water Boat Company, Limited: Nominal Capital, \$200,000; Registered Office, 948 Alexandra House, Hongkong; Subscribers—Liu Man Kwan, 43 Cumberland Road, Kowloon Tong, Merchant; Lee Tack Cheuk, 6 Liberty Avenue, Kowloon, Merchant.

Tajmahal Gems Limited: Nominal Capital, \$100,000; Subscribers—J. James, 8 Peking Road, Kowloon, Merchant; R. D. Hausman, 37 Chatham Road, Kowloon, Manufacturers Representative.

Kinley Engineering Shipyard Company, Limited: Nominal Capital, HK \$500,000; Registered Office, 35 Jervois Street, Subscribers—Tsun Chi Cheung, 8 Po Yee Street, Hongkong, Merchant; Teng Hsiu Nan, 1 Garden Terrace, Hongkong, Merchant; Fok Siu Lok, 1 Diamond Villa, Diamond Hill, Kowloon, Married Woman.

Allied Garments Limited: Nominal Capital, \$100,000; Registered Office, 1 Des Voeux Road Central, Hongkong; Subscribers—Chow Ming Shyong, 4 Chatham Court, Kowloon, Merchant; Bodeker Tonnis Hendrik, 178 Mount Kellet Road, The Peak, Hongkong, Merchant.

Chinese Food Supply Company, Limited: Nominal Capital, \$500,000; Registered Office, 171 Des Voeux Road Central, Hongkong; Subscribers—Ko Chuk-Hung, 6 Chester Road, Kowloon, Merchant; Lee Kan-Sang, 3 Leong Fee Terrace, Hongkong, Merchant.

Vientiane-Hongkong Company, Limited: Exporters and importers; Nominal Capital, \$400,000; Subscribers—Lim Cher-Ming, 347 Prince Edward Road, Kowloon, Merchant; Shiu Ying-Wah, 345 Prince Edward Road, Kowloon, Merchant; Lim Kee Seng, 347

Prince Edward Road, Kowloon, Merchant.

Structural Distribution, Limited: Importers and exporters; Nominal Capital, \$100,000; Registered Office, 405 Union Building, Hongkong; Subscribers—Gwen Y. Tsui, 2, Pao On Road, Kowloon, Teacher; Li Kook Leung, 549 Lady Grantham Villas, Kowloon, Merchant.

Grand Star Electric Bulbs Factory Limited: Nominal Capital, \$15,000; Registered Office, 208 China Building, Hongkong; Subscribers—Zao Ming-Tak, 49 Gough Street, Hongkong, Merchant; Chang Pao-Ching, 11 Hillwood Road, Kowloon, Merchant; Yeung Wei-Kei, 6 Wongneichong Road, Hongkong, Merchant.

Far East Suppliers Limited: Importers and exporters; Nominal Capital, \$100,000; Registered Office, 5 Queen's Road Central, Hongkong; Subscribers—Robert Bonshaw Landis, 11 Chemin Chateau Sec., Fully, Switzerland, Merchant; Ip Kum In, 15 Seymour Terrace, Hongkong, Merchant.

Ting Fung Iron Works, Limited: Nominal Capital, \$1 million; Registered Office, French Bank Building, Hongkong; Subscribers—Fu Chuen-Sung, 108 Waterloo Road, Kowloon, Merchant; Loh Ching-Tai, 159 Sai Yeung Choi Street, Kowloon, Merchant; Woo Hang-Sing, 122 Castle Peak Road, Kowloon, Merchant.

Santiago Bag Company, Limited: Weavers, spinners bleachers; Nominal Capital, \$50,000; Registered Office, 146 Laichikok Road, Kowloon; Subscribers—Santiago Aurelio Loo Chang, 146 Laichikok Road, Kowloon, Merchant; Nancy Ng, 168 Lockhart Road, Hongkong, Married Woman.

Hongkong Caterers Limited: Nominal Capital, \$150,000; Subscribers—S. T. Wu, 11A Robinson Road, Hongkong, Merchant; J. T. Wu, 48 Robinson Road, Hongkong, Merchant.

Arthur Reif Hongkong Limited: Manufacturers and dealers in cloth; Nominal Capital, \$10,000; Registered Office, 513-517 China Building, Hongkong; Subscribers—Arthur J. Reif, 84 Metropole House, North Point, Hongkong, Manufacturer; Raymond E. Moore, 1 Des Voeux Road Central, Hongkong, Solicitor.

Yue Sang Hong Limited: Importers and exporters of rice; Nominal Capital, \$400,000; Registered Office, 78 Connaught Road West, Hongkong; Subscribers—Chan Sze-Sum, 42 Yun Ping Road, Hongkong, Merchant; Lau Chor-Ping, 193 Wing Lok Street West, Hongkong, Merchant.

The Mannin Company Limited: To deal in shares, stocks and debentures; Nominal Capital, \$1 million; Subscribers—John Douglas Clague, 564 The Peak, Hongkong, Merchant; Thomas Fletcher Rylance Waters, 261 The Peak, Hongkong, Merchant.

Nam Jam Factory, Limited: Hardware manufacturer; Nominal Capital,

\$3 million; Subscribers—Chiu Fuk-San, 6 Wistaria Road, Yau Yat Chuen, Kowloon, Merchant; Chiu Leung-Hang, 31 Kimberley Road, Kowloon, Merchant.

Fielding Brown & Finch (Far East) Limited: Importers and exporters; Nominal Capital, \$300,000; Subscribers—Denis Gordon Sherriff, 108 The Peak, Hongkong, Chartered Accountant; Fenwick Deane Hammond, 36 Dina House, Hongkong, Solicitor.

SINGAPORE SHARE MARKET

There was further small improvement in Malayan markets without, however, any increase in the volume of business written. Industrials were firm, Tins quietly steady and rubbers a shade better.

In Kuala Lumpur the Minister for Finance warned that increased taxation was inevitable unless the rubber price rises and the Emergency expenditure is lightened. If the Singapore Government is so ill advised as to agree, some increase of Pan Malayan income tax rates may be expected in 1957. One school of foreboding anticipates higher individual rates with the Company rate unchanged. Other quarters fear the Company rate and the maximum rate might rise to 42½% to 'encourage' fresh investment and enterprise. Since British registered Tin and Rubber producing Companies which operate in Malaya are likely to qualify for concessions under Mr. McMillan's scheme to assist 'Pioneer' Companies, a good case exists for a 'hedge' by switching from Malayan registered Companies into selected Home contemporaries.

Fraser & Neave Ords. had business from \$1.82½ to \$1.86, Hammer & Co. moved from \$2.80 to \$2.85 and Wm. Jacks were taken at \$2.85 and \$2.87½ cum the 10% interim. Robinson & Co. had considerable exchanges around \$1.50. Sime Darby improved from \$1.77½ to \$1.82½ and Straits Traders were taken at \$24.10. United Engineers were strong with small business only from \$8.40 to \$8.60 and Wearnes moved up to \$2.95 buyers. Hongkong Banks on the H.K. Register had business at \$900 and £106 and Consolidated Tin Smelter Ords. were taken from London at 29/3. The latter company has since declared 15% for the year ended 31st March 1956, which is the same as for the previous year. Gammons remained quiet with small business at \$2.01½, Jackson & Co. were taken at \$1.32 ex dividend, Straits Times touched \$2.75 and McAlisters had buyers at \$2.77½.

The announcement of negotiations for the sale of a major portion of its Malayan Airways holding to British Overseas Airways had little effect on the market in Straits Steamship which remained around \$14.00. Steamship's stake at par represented \$1½ million which hitherto B.O.A.C. has held

\$250,000. Since B.O.A.C. would not be acquiring control of the \$2½ million company, it follows that the holding to change hands would be more than \$750,000 but less than \$1 million on a par basis. Meantime the means to be taken to turn Malayan Airways into a public company provide an interesting field for conjecture.

Hong Fatts improved to \$1.10. Petaling on the production figure of only 3,825 piculs for the quarter ended June fell to \$3.20 but short covering led to quick recovery to \$3.30 buyers. Sungei Way were taken at \$3.27½. Rahman Hydraulic at 77 cents, Talam Mines at \$1.85 and Rantau moved up to \$1.47½.

Austral Amalgamated closed steady at 16/10½, Berjuntai improved to 22/6 ex buyers and Laruts closed better at 7/4½. Kuala Kampar were steady at 27½, Lower Perak at 16/9 and Rawang Tins had buyers at 8/9.

Legislation introduced in the Federation will put an end to uninformed press reports from London regarding Malaya's contribution to the International Tin Agreement Buffer Stock. Overdrafts from trading banks will provide the Federation's share of money required to finance the market operations of the Buffer Stock Manager and these overdrafts will be liquidated by a special cess on tin produced. There will be no contribution in the form of metal as reported.

Despite a good selective demand for rubber shares the turnover was only moderate. Tapah moved from \$2.30 to \$2.40 and Sungei Tukang from \$1.32½ to \$1.37. Kluang Ords. were taken at \$1.06, Batu Lintang at \$1.55, and Hamilton at \$1.65.

Loans were steady but had few transactions.

Oil Search were active with business from A.18/9 to A.21/8½. Western Titanium A.2/6 paid up were taken from A.4/5½ to A.4/8, closing at A.5½ bid—the final call of A.2/6 per share is due on August 8th 1956.

HONGKONG'S TRADE FOR JUNE AND FOR THE FIRST SIX MONTHS OF 1956

Hongkong's exports during June totalled \$242.5 million, an increase of \$49.3 m. compared with that for the corresponding month in 1955. Imports at \$371.9 m. were higher by \$68.7 m. Exports during the first six months this year aggregated \$1,647.1 m., an increase of 38.9 per cent over the corresponding period in 1955. Imports rose by 26.8 per cent to \$2,337.6 m. According to the Director of Commerce and Industry, the adverse balance on visible trade increased by \$22 m.

A comparison of the trade figures for the first six months of 1956 and 1955 showed the following important changes. Large increases in exports were recorded for Indonesia, Thailand, Japan, Vietnam, Cambodia and Laos; exports to China, however, declined further from \$122.4 m. to \$52.8 m. Imports from Japan increased by \$251.6 m., and from China by \$122.9 m. Imports from Western Germany declined by \$17.2 m., and from Macao by \$11.9 m. The increase in exports to Indonesia and Thailand was due to improved re-export of Japanese goods to these countries. In June this trade slowed down.

Exports of Hongkong Products: Exports of Hongkong products in June totalled \$61.0 m.; \$4.1 m. higher than for the same month last year. A comparison of the totals for

the first six months of 1956 and 1955 showed an increase in 1956 of \$61.4 m. or 17.8%. Indonesia with purchases to a total value of \$97.3 m., remained the best customer for Hongkong products so far this year. The United Kingdom which led the list of buyers last year dropped to the second place, with Malaya the third. Exports of HK products to Thailand, Burma and South Korea dropped by \$9.1 m., \$8.8 m. and \$6.0 m. respectively.

Export of Dutiable Goods to Macao: During the month, Government announced that the export of dutiable goods to Macao would be permitted by the night as well as the day ferries. Except for table wares and bulk exports of hydro-carbon oils, no dutiable goods may be carried by vessels other than the ferries.

Certificates of Origin: Certificates of Origin of all kinds and Imperial Preference Certificates issued during the month reached a total of 17,488 and covered goods to the declared value of \$59,968,418.

Exports to U.S.: The list of items cleared for export to U.S. was amended to include bamboo table mats and scrap gunny. The item-title "Dolls, Pincushions and Waste-paper Baskets" was changed to "Textile Novelties".

IMPORTS, BY COUNTRIES

Country	June, 1956 HK\$	Jan./June 1956 HK\$	Jan./June 1955 HK\$	Country	June, 1956 HK\$	Jan./June 1956 HK\$	Jan./June 1955 HK\$
Merchandise							
Africa, Central (British) ...	84,896	1,639,993	920,937	India	2,582,316	33,907,832	27,307,282
Africa, East (British) ...	3,325,931	24,524,398	15,030,358	Vietnam, Cam- bodia & Laos	4,036,904	29,960,680	16,523,354
Africa, South ..	1,897,237	11,475,780	14,086,837	Indonesia	3,348,534	13,429,500	16,605,962
African Coun- tries, Other ...	17,720	1,161,065	5,952,922	Italy	2,311,106	16,783,113	18,004,978
America, Cen- tral	59,036	733,597	6,689,375	Japan	59,262,239	507,581,111	255,953,401
America, South (excluding Argentina and Brazil) ...	—	600,538	214,311	Korea, South ..	4,857,299	10,524,742	4,073,708
Argentina	10,251	944,123	4,159,365	Macao	3,169,393	19,017,137	30,948,360
Asian Coun- tries, Central	—	2,300	1,151,639	Malaya	13,488,394	89,198,969	74,058,578
Australia	12,000,903	43,914,133	43,347,955	Middle a n d Near East Countries	2,919,410	27,122,091	17,378,546
Austria	1,392,285	11,564,611	2,955,288	Netherlands	7,902,607	33,307,485	30,947,393
Belgium	7,674,891	54,708,728	42,454,137	New Zealand	787,264	1,067,974	302,467
Borneo, North ..	3,416,053	19,374,310	20,061,795	Norway	189,894	2,294,573	2,323,311
Brazil	2,607,474	13,671,037	13,263,089	Oceania, British Oceania, United States	62,425	6,002,223	606,172
British Common- wealth, Other ...	161,944	403,502	297,092	States	9,183	51,784	513,058
Burma	874,906	21,876,081	16,488,485	Oceania, n.e.s.	11,096	89,045	103,730
Canada	2,939,737	21,964,043	24,791,363	Pakistan	10,489,316	66,973,853	36,643,068
Ceylon	682,309	2,103,372	1,728,318	Philippines	3,021,296	13,680,053	3,538,911
China	76,340,809	514,568,248	405,391,365	Sweden	2,625,549	11,010,745	9,173,200
Denmark	476,157	2,498,238	2,868,948	Switzerland	9,102,788	62,789,723	49,489,767
Egypt	568,118	4,485,252	895,643	Thailand	16,645,539	95,475,595	92,419,573
Europe, Eastern ..	1,151,075	7,352,760	5,358,356	Turkey	—	—	2,450
European Coun- tries, Other ..	620,755	2,440,903	2,659,856	United Kingdom	42,290,386	238,485,037	227,846,996
Finland	145,875	776,875	1,066,092	U.S.A.	47,606,278	195,176,677	185,356,647
Formosa	5,324,879	25,789,996	18,302,544	U.S.S.R.	22,993	2,155,680	1,155,879
France	1,682,765	13,617,103	15,008,879	West Indies, British	83,112	165,641	32,196
Germany (Western) ...	11,605,248	59,174,201	76,407,253	Total Mer- chandise	371,886,575	2,337,616,450	1,842,861,189
				Total gold and specie	31,241,710	258,347,690	183,017,472
				Grand Total	403,128,285	2,595,964,140	2,025,878,661

EXPORTS, BY COUNTRIES

Country	June, 1956 HK\$	Jan./June 1956 HK\$	Jan./June 1955 HK\$	Country	June, 1956 HK\$	Jan./June 1956 HK\$	Jan./June 1955 HK\$
Merchandise							
Africa, Central (British)	1,281,434	7,521,809	9,607,600	India	1,793,933	10,481,112	9,643,584
Africa, East (British)	3,523,451	14,575,439	18,542,623	Vietnam, Cam- bodia & Laos	6,110,902	73,894,381	32,761,866
Africa, South	2,137,581	13,699,821	13,184,016	Indonesia	38,548,318	345,067,885	76,841,524
Africa, West (British)	4,624,078	31,710,040	26,450,803	Italy	452,105	3,581,494	3,094,177
African Coun- tries, Other	4,105,357	24,314,888	26,870,142	Japan	23,019,569	109,376,967	60,095,648
America, Central	2,190,607	12,117,422	10,153,603	Korea, South	14,398,520	60,736,430	86,631,096
America, South (excluding Argentina and Brazil)	2,018,740	9,070,648	9,289,533	Macao	4,264,325	26,813,219	25,037,791
Argentina Asian Coun- tries, Central	33,018	167,504	264,084	Malaya	29,108,047	188,136,276	174,695,502
Australia	5,306,863	27,880,272	23,119,799	Middle and Near East Countries	3,001,267	17,467,456	14,322,411
Austria	—	29,872	39,178	Netherlands	1,364,169	10,859,123	8,209,916
Belgium	811,653	5,915,319	4,705,640	New Zealand	3,077,089	6,902,412	6,836,569
Borneo, North	4,246,124	20,696,170	12,163,202	Norway	513,859	2,456,706	2,042,512
Brazil	42,191	239,760	37,462	Oceania, British Oceania, United States	960,756	3,412,199	2,630,710
British Common- wealth, Other	1,707,421	11,287,072	13,623,852	Oceania, n.e.s.	2,456,975	15,426,142	14,191,632
Burma	2,795,328	10,671,310	17,452,869	Pakistan	514,175	4,172,467	3,974,698
Canada	1,602,223	15,745,180	15,463,767	Philippines	378,899	2,697,242	3,084,960
Ceylon	1,715,014	8,806,651	5,685,789	Sweden	4,106,768	21,125,803	30,947,347
China	7,235,913	52,803,916	122,416,321	Switzerland	520,226	3,048,686	3,086,647
Denmark	287,620	2,271,328	3,327,483	Thailand	225,662	1,896,972	1,929,981
Egypt	166,763	1,637,944	1,864,164	Turkey	19,855,327	204,756,129	80,841,936
European Coun- tries, Other	170,169	1,066,456	910,383	United Kingdom	6,500	57,328	232,109
Finland	37,894	424,113	—	U.S.A.	22,324,292	143,558,908	117,360,794
Formosa	4,613,500	23,924,557	18,158,867	West Indies, British	9,128,198	52,503,429	40,548,946
France	1,445,276	10,531,574	8,263,818	Total Mer- chandise	242,480,707	1,647,096,291	1,185,723,515
Germany (Western)	2,725,811	22,062,989	15,443,112	Total gold and specie	29,508,311	275,840,733	183,027,556
				Grand Total	271,989,018	1,922,937,024	1,368,751,071

IMPORTS, BY DIVISIONS
Division

	June, 1956 HK\$	Jan./June, 1956 HK\$	Jan./June, 1955 HK\$
Live animals	11,865,019	89,463,848	84,993,315
Meat and meat preparations	2,147,536	17,984,592	14,016,480
Dairy products	8,120,686	45,395,081	40,425,693
Fish and fish preparations	5,618,092	40,196,062	33,238,537
Cereals	20,320,500	145,964,725	125,790,776
Fruits and vegetables	14,671,108	94,233,699	96,957,279
Sugar and sugar preparations	10,374,258	37,212,022	36,230,511
Coffee, tea, cocoa and spices	3,944,811	23,468,252	25,205,695
Feeding stuffs for animals	719,368	4,358,156	1,811,412
Miscellaneous food preparations	3,056,588	14,575,882	10,967,548
Beverages	2,351,149	13,035,538	11,225,024
Tobacco and tobacco manufactures	3,818,773	29,673,044	30,818,524
Hides, skins and furs, undressed	963,733	5,449,529	5,064,425
Oil seeds and oil nuts	4,364,834	25,579,134	26,467,980
Crude rubber, including synthetic	2,035,875	11,195,929	9,247,302
Wood, lumber and cork	5,746,638	33,612,497	35,020,912
Pulp and waste paper	134,130	1,371,656	2,670,328
Textile fibres and waste	37,752,859	152,586,012	116,674,285
Crude fertilizers and minerals	412,387	3,928,321	4,916,711
Ores and metal scrap	438,294	4,349,833	5,880,890
Animal and vegetable crude materials	15,138,899	86,064,349	73,911,315
Mineral fuels	18,596,017	98,235,349	71,597,837
Animal and vegetable oils	3,890,241	46,526,585	24,797,214
Chemical elements and compounds	3,605,165	20,937,021	33,698,700
Mineral tar and crude chemicals	160,799	568,765	200,472
Dyeing, tanning and colouring materials	4,318,831	20,081,804	60,728,448
Medicinal and pharmaceutical products	4,799,105	21,171,844	28,495,290
Perfumes and cleansing preparations	4,144,854	22,588,020	19,172,889
Fertilizers, manufactured	2,190,329	26,713,361	26,922,919
Explosives and chemicals	4,107,440	25,157,106	22,802,648
Leather, leather goods and furs	1,453,992	10,725,497	10,144,000

Division	June, 1956	Jan./June, 1956	Jan./June, 1955
	HK\$	HK\$	HK\$
Rubber manufactures	1,155,224	11,438,645	4,237,251
Wood and cork manufactures	934,280	5,336,765	4,928,006
Paper, paperboard and manufactures	10,087,053	61,747,726	52,929,163
Textile yarn, fabrics and made-up articles	66,124,159	521,662,056	310,819,249
Non-metallic mineral manufactures	8,016,881	48,413,350	32,056,379
Silver, platinum, gems and jewellery	4,946,044	44,119,439	33,170,413
Base metals	24,479,215	133,323,407	64,875,097
Manufactures of metals	5,358,552	32,562,791	23,225,167
Machinery other than electric	10,013,431	66,109,154	44,857,638
Electric machinery and appliances	6,222,094	39,381,930	28,636,241
Transport equipment	6,633,607	45,735,296	37,478,566
Prefabricated buildings; plumbing, heating & lighting fittings	1,049,218	7,950,600	4,808,176
Furniture and fixtures	288,063	1,708,674	1,364,702
Travel goods	238,172	1,084,018	754,355
Clothing	3,456,489	18,438,492	14,816,261
Footwear	334,159	1,847,646	1,234,914
Scientific instruments; photographic and optical goods; watches and clocks	11,878,055	77,744,470	53,105,748
Miscellaneous manufactured articles	9,390,751	46,503,357	39,359,043
Live animals, not for food	18,868	105,171	109,461
Total Merchandise	371,886,575	2,387,616,450	1,842,861,189
Total gold and specie	31,241,710	258,347,690	183,017,472
Grand Total	403,128,285	2,595,964,140	2,025,878,661

EXPORTS, BY DIVISIONS

Division	June, 1956	Jan./June, 1956	Jan./June, 1955
	HK\$	HK\$	HK\$
Live animals	10,900	160,460	79,985
Meat and meat preparations	183,403	3,830,659	3,600,424
Dairy products	1,391,005	8,965,784	7,021,604
Fish and fish preparations	1,594,008	12,504,517	10,024,876
Cereals	3,773,672	26,194,903	9,648,860
Fruits and vegetables	8,757,615	59,190,378	62,551,331
Sugar and sugar preparations	4,086,719	18,015,408	14,067,335
Coffee, tea, cocoas and spices	1,797,189	13,690,399	15,940,305
Feeding stuffs for animals	156,424	1,048,661	452,796
Miscellaneous food preparations	2,560,980	14,848,683	12,722,386
Beverages	1,048,161	5,955,660	4,449,686
Tobacco and tobacco manufactures	494,863	3,761,904	4,536,774
Hides, skins and furs, undressed	1,208,622	5,939,168	4,512,346
Oil seeds and oil nuts	5,192,348	24,096,225	17,134,598
Crude rubber, including synthetic	32,642	143,980	9,081
Wood, lumber and cork	734,929	4,301,897	3,516,294
Pulp and waste paper	193,203	905,673	1,642,107
Textile fibres and waste	5,130,919	23,352,289	24,879,533
Crude fertilizers and minerals	226,005	2,217,861	2,453,422
Ores and metal scrap	4,667,728	23,505,321	12,957,064
Animal and vegetable crude materials	12,299,675	75,871,568	69,519,751
Mineral fuels	2,773,392	8,646,804	1,697,914
Animal and vegetable oils	2,528,416	22,256,565	7,787,347
Chemical elements and compounds	1,354,058	7,842,093	18,909,644
Mineral tar and crude chemicals	1,407	293,029	2,358
Dyeing, tanning and colouring materials	3,979,030	28,680,558	55,544,373
Medicinal and pharmaceutical products	3,616,771	23,140,953	29,372,222
Perfumes and cleansing preparations	1,667,413	13,077,633	12,807,671
Fertilizers, manufactured	1,183,886	25,972,366	27,804,581
Explosives and chemicals	1,452,058	8,882,935	8,796,907
Leather, leather goods and furs	183,615	1,377,093	1,673,915
Rubber manufactures	855,497	7,710,521	1,284,986
Wood and cork manufactures	314,097	2,207,406	2,104,254
Paper, paperboard and manufactures	6,214,205	35,682,864	32,656,600
Textile yarn, fabrics and made-up articles	56,938,187	462,005,839	260,804,182
Non-metallic mineral manufactures	4,764,651	30,419,363	15,381,610
Silver, platinum, gems and jewellery	2,425,894	14,872,393	11,868,870
Base metals	7,293,857	65,299,894	12,152,983
Manufactures of metals	10,872,080	68,606,636	48,387,437
Machinery other than electric	3,496,684	32,595,526	15,331,262
Electric machinery and appliances	3,189,004	19,199,869	12,543,676
Transport equipment	3,852,745	18,867,684	11,229,241
Prefabricated buildings; plumbing, heating & lighting fittings	6,988,716	39,022,125	33,784,084
Furniture and fixtures	3,254,551	18,811,002	17,630,133
Travel goods	1,438,950	8,114,924	6,178,835
Clothing	35,323,600	204,358,011	144,944,295
Footwear	4,739,831	47,173,400	38,145,419

Division		June, 1956 HK\$	Jan./June, 1956 HK\$	Jan./June, 1955 HK\$
Scientific instruments; photographic and optical goods; watches and clocks	....	3,524,229	19,628,675	13,237,149
Miscellaneous manufactured articles	....	12,638,622	83,967,844	61,740,774
Live animals, not for food	....	74,251	240,888	200,235
Total Merchandise	....	242,480,707	1,647,096,291	1,185,723,515
Total gold and specie	....	29,508,311	275,840,733	183,027,556
Grand Total	....	271,989,018	1,922,937,024	1,368,751,071

HONGKONG PRODUCTS

EXPORTS, BY COUNTRIES

Country	June, 1956 HK\$	Jan./June 1956 HK\$	Jan./June 1955 HK\$
Africa, Central (British)	450,256	2,895,275	5,287,677
Africa, East (British)	2,178,404	8,390,918	10,163,663
Africa, South	1,165,713	7,866,114	8,188,751
Africa, West (British)	3,303,133	20,625,289	15,258,535
African Countries, Other	2,118,770	12,910,434	15,592,956
America, Central	856,818	4,814,147	5,013,305
America, South (excluding Argentina and Brazil)	1,253,885	4,844,771	5,614,362
Argentina	—	2,687	75,042
Asian Countries, Central	13,074	306,788	76,312
Australia	1,803,838	8,888,202	7,491,709
Austria	—	240	1,800
Belgium	75,788	1,087,601	921,188
Borneo, North	1,118,003	5,222,376	3,895,203
British Commonwealth, Other	751,548	5,294,960	6,520,181
Burma	135,292	1,057,532	9,812,033
Canada	364,062	4,386,411	5,069,570
Ceylon	494,546	2,442,493	2,684,184
China	281,793	281,922	32,150
Denmark	102,457	714,604	665,852
Egypt	11,680	217,228	194,877
European Countries, Other	107,159	318,806	179,342
Formosa	208,186	974,259	360,535
France	31,191	277,653	733,646
Germany (Western)	138,282	1,356,580	988,978
India	518,049	3,052,296	3,728,512
Vietnam, Cambodia & Laos	945,311	13,865,226	7,150,820
Indonesia	12,489,062	97,257,501	35,682,303
Italy	56,337	225,426	192,113
Japan	345,643	2,537,385	2,234,893
Korea, South	428,178	2,627,449	8,595,382
Macao	362,783	2,083,100	1,627,118
Malaya	7,277,668	46,986,385	42,992,568
Middle and Near East Countries	928,144	6,193,119	5,168,338
Netherlands	182,389	1,702,408	897,000
New Zealand	1,207,941	2,519,241	3,314,169
Norway	68,546	173,372	273,723
Oceania, British	385,100	1,281,741	1,233,563
Oceania, United States	156,675	1,628,303	1,301,011
Oceania, n.e.s.	208,014	1,515,798	1,958,623
Pakistan	55,029	843,057	1,955,608
Philippines	2,579,937	9,466,611	11,498,407
Sweden	179,264	731,063	1,046,883
Switzerland	13,804	146,844	195,833
Thailand	2,929,893	25,160,640	34,255,220
Turkey	—	20,764	—
United Kingdom	10,369,461	77,418,219	65,416,605
U.S.A.	1,753,662	8,952,014	5,740,019
West Indies, British	580,011	3,852,437	4,703,892

EXPORTS BY COMMODITIES

Commodity	June, 1956 HK\$	Jan./June 1956 HK\$	Jan./June 1955 HK\$
Fish in airtight containers	177,572	1,242,897	648,112
Fruits, preserved	1,152,858	7,903,731	6,153,793
Fruit juices, unfermented	57,280	291,724	102,410
Non-alcoholic beverages	116,106	348,108	341,088
Beer	295	6,586	7,342
Cigarettes	78,088	527,677	287,419
Iron ore	371,284	2,383,690	1,847,700
Tungsten ore	7,000	59,179	48,787
Seagrass	762	55,936	71,482
Lacquers and varnishes	352,155	1,556,462	1,151,750
Paints, enamels and mastics	1,064,903	6,041,815	5,055,148
Cotton yarns	6,439,066	56,936,201	45,230,983
Cotton piece goods	11,519,106	78,164,899	90,047,404
Towels, not embroidered	859,533	7,670,105	5,445,568
Linen, embroidered	782,414	3,947,236	3,744,583
Cement	1,138,957	5,011,458	2,837,478
Iron and steel bars	1,010,958	4,640,045	4,357,842
Household utensils, enamelled	5,972,512	36,688,834	27,474,084
Household utensils, aluminium	724,334	5,942,903	3,831,674
Torch batteries	656,305	4,618,829	4,842,246
Torch bulbs	471,855	3,245,820	2,735,964
Electric torches	4,209,677	23,756,613	25,240,940
Lanterns, metal	1,945,777	8,934,870	5,436,718
Cotton singlets	8,240,709	51,742,973	26,278,883
Underwear and nightwear, embroidered	441,052	1,433,997	1,097,657
Shirts	6,015,567	33,333,391	30,495,673
Outerwear, embroidered	780,883	3,770,846	3,520,051
Articles of clothing (e.g., handkerchiefs, shawls, etc.), embroidered	519,462	1,936,729	1,226,288
Footwear	4,320,489	44,467,141	36,624,775
Matches	45,399	553,891	1,631,852
Plastic articles	766,315	4,947,118	3,589,220
Vacuum flasks, complete	751,086	4,135,721	3,600,304
Total	60,984,759	405,396,925	344,005,218